

Strength. Service. Trust?

**Proudly
Supporting
Australia**

2018 Westpac Group
Sustainability
Performance Report



It's about all of us.

Sustainability is about constantly challenging ourselves on ways to create the most meaningful economic, social and environmental impact in the areas that matter most to our stakeholders.

In a challenging time for the industry, our 2018 Sustainability Performance Report explores how we're responding to the most pressing opportunities and challenges.

Our 2020 Sustainability Strategy introduced this year is centred on three priority areas:



**HELPING PEOPLE
MAKE BETTER
FINANCIAL DECISIONS**



**HELPING PEOPLE BY BEING
THERE WHEN IT MATTERS
MOST TO THEM**



**HELPING PEOPLE
CREATE A
PROSPEROUS NATION**

ON THE COVER

Julie Shannon, Logistics Manager at Soft Landing, one of Australia's largest mattress recyclers, a social enterprise creating jobs and training for people who have experienced barriers to gaining lasting employment. Read the full story on page 47.

2018 Sustainability Performance Report

Westpac Foundation's Sally McGeoch (right) with Julie Shannon from Soft Landing. Read the full story on page 47.

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www.westpac.com.au/sustainability

Westpac Banking Corporation
ABN 33 007 457 141

Strength Service Trust

In November last year, we announced our *2018-2020 Sustainability Strategy*. It was an opportunity to reflect deeply on the issues that matter most to our stakeholders and the many ways that we, as one of the country's largest companies, can make a meaningful difference.

As discussed in our *2018 Annual Review and Sustainability Report*, it has been an exceptionally difficult year for the banking industry, and for Westpac. In particular, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has brought to light confronting stories and examples of poor behaviour affecting customers that have understandably impacted the public's trust in the industry.

We are working to resolve the customer situations involved, and throughout this report we explore actions that we are taking to address issues raised by the Royal Commission and other areas where we need to do better, both within our business and as part of broader industry reforms. This includes our ongoing work on strengthening our investment in compliance, continuing to refine our remuneration structures and the way we manage potential conflicts of interest, and working to raise professional standards in our financial advice business. We also share further perspective as well as commentary on this year's financial performance in the *2018 Annual Review and Sustainability Report*.

The Letters Patent establishing the Royal Commission starts by noting: *Australia has one of the strongest and most stable banking, superannuation and financial services industries in the world, which performs a critical role in underpinning the Australian economy*. It is this strength and stability that enables a bank like Westpac to play an important role in creating better economic, social and environmental outcomes and long-term sustainable value for our customers, our communities and our people.

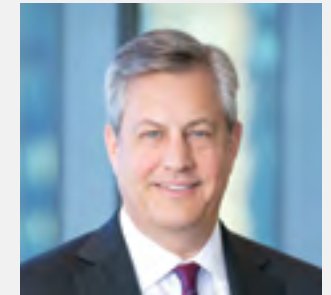
Our approach to sustainability starts with a commitment to serving the needs of our customers. As the global economy becomes more complex and rapid changes are affecting the way we all live and work, our primary focus is helping our customers achieve what's important to them, based on building deep relationships that last. For example, on page 20, you can read how Anna Thorpe, one of our agri-business bankers, helped her customer expand his business in the drought-prone centre of NSW. On page 32, you can read how Jason Ford in our digital fraud operations team helped a customer from falling victim to an online scam.

However, our concept of sustainability implies a much broader commitment to supporting our customers and the wider community. In fact, we have been recognised as a global banking leader in the Dow Jones Sustainability Indices (DJSI) for 17 years in a row – this year ranking 17th – and continue to be a member of the highly regarded DJSI World Index. As part of our ongoing commitment, we challenge ourselves to deliver on our previous goals and to find ways each year to further lift our standards.

A decade on from our first published climate change agenda, we have become the largest financier to greenfield renewable energy projects in Australia, as well as achieving \$9.1 billion in lending to climate change solutions, moving us towards our target of \$10 billion by 2020.



Lindsay Maxsted
Chairman



Brian Hartzler
Chief Executive Officer

We also extended our climate change scenario analysis, building on our transition risk analysis from 2016 and, for the first time, we have conducted an assessment of physical risks in our Australian mortgage book. We have also continued to align our climate disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2019 we anticipate releasing more detailed scenario analysis in light of the recent Intergovernmental Panel on Climate Change (IPCC)'s Global Warming of 1.5°C report.

This year we also undertook work to identify human rights issues connected to our business, by engaging with stakeholders across our value chain. More detail on this and on climate change can be found from page 52.

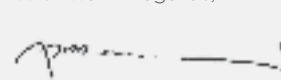
The United Nations Sustainable Development Goals (SDGs) continue to provide an important framework for business, government, and the broader community to measure and work together on important global goals. In this year's report, as well as mapping the SDGs to our material issues, we also highlight how our specific initiatives contribute to the goals.

Goal 17 of the SDGs is about partnering to create impact. One initiative we are particularly proud of is our involvement as one of 28 other banks in the United Nations Environment Programme Finance Initiative (UNEP FI) to develop the Principles for Responsible Banking. We believe that it is important that banks, working with civil society and other stakeholders, define and act on what we mean by responsible and sustainable banking. In this report we assess our performance against the draft principles, which are expected to be finalised in 2019.

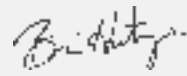
At a time when trust in the banking industry has been damaged in the court of public opinion, it is more important than ever to demonstrate our commitment to social and community leadership. For Westpac, this means demonstrating our commitment to helping our customers to make better financial decisions, to helping our vulnerable customers when it matters most, and to helping to build the nation's future prosperity.

While there is much still to be done, we commend this report to you as a sign of Westpac's progress and ongoing commitment to rebuilding that trust.

With warm regards,



Lindsay Maxsted
Chairman



Brian Hartzler
Chief Executive Officer



Part of the United Nations Environment Programme Finance Initiative (UNEP FI) to develop the Principles for Responsible Banking.



Supporter of the United Nation's Sustainable Development Goals (SDGs) and its agenda for action on improving the wellbeing of present and future generations.



Signatory to the Business Coalition Statement on Climate in 2015 which highlights our support for the Paris Climate Agreement to limit global warming to less than two degrees Celsius above pre-industrial levels.

Creating sustainable value

Customers

14.2m

CUSTOMERS

Employees

38,522

EMPLOYEES

Community

\$131m

IN COMMUNITY CONTRIBUTIONS

Investors

13.0%

CASH RETURN ON EQUITY

Economy

\$3.6bn

TOTAL TAX EXPENSE

HOME LENDING

\$445bn

AUSTRALIA
UP 4%

\$49bn

NEW ZEALAND
(\$NZ), UP 4%

50%

WOMEN IN
LEADERSHIP ROLES

200

WESTPAC FOUNDATION
COMMUNITY GRANTS AT
\$10,000 EACH

\$6.4bn

IN DIVIDENDS
TO SHAREHOLDERS

2nd

LARGEST TAX PAYER
IN AUSTRALIA¹

BUSINESS LENDING

\$154bn

AUSTRALIA
UP 3%

\$30bn

NEW ZEALAND
(\$NZ), UP 4%

74%

EMPLOYEES WITH FLEXIBLE
WORKING ARRANGEMENTS¹

\$1.36bn

LENT TO SOCIAL AND
AFFORDABLE HOUSING SECTOR

43.7%

EXPENSE TO
INCOME RATIO

\$9.1bn

LENT TO CLIMATE
CHANGE SOLUTIONS

1. Based on 2017 YourVoice employee survey.

\$100m

DROUGHT ASSISTANCE PACKAGE
FOR AFFECTED CUSTOMERS

\$4.9bn

PAID TO
EMPLOYEES

16%

EMPLOYEES PARTICIPATED IN OUR
VOLUNTEERING PROGRAMS

236.2¢

CASH EARNINGS CENTS
PER SHARE

\$6.08bn

SPENT WITH SUPPLIERS
IN AUSTRALIA

Introducing our 2020 Sustainability Strategy

It's about all of us.

In November 2017, we introduced our 2018-2020 Sustainability Strategy, which outlines our approach to building a sustainable future by taking action in the areas where we can make the most meaningful economic, social and environmental impact.

Our strategy is centred on service and how we believe we can best support our customers, our communities and our people as we navigate the most pressing current and emerging issues.

Titled 'It's about all of us', the strategy builds on our long commitment to sustainable business practices and is underpinned by the United Nations Sustainable Development Goals (SDGs) that provide a platform for business, government and the broader community to partner and take action.

To guide action towards our strategy we have in place governance frameworks and a series of position statements, policies and action plans. We are committed to regular, transparent reporting to enable stakeholders to compare our relative performance over time.

Our shared future

We believe we can create sustainable, long-term value for our customers, our communities and nation by:



2020 Sustainability Strategy initiatives include:



We believe in creating a fairer, more inclusive and confident society by helping people understand money.

Our aim is to help customers track and grow their wealth so they will feel more confident with financial decisions no matter their situation.

Initiatives include:

- Delivering products and services that help customers make better financial decisions
- Implementing financial health check programs
- Delivering financial capability training programs and resources
- Providing additional insights to business customers.

ALIGNMENT TO THE SUSTAINABLE DEVELOPMENT GOALS



We understand that life has its tough moments, and vulnerability is something that can affect anyone at any time.

We want to be by our customers' side and help more people as they go through major life events.

Initiatives include:

- Providing targeted support to help customers recover from financial hardship
- Making support available to customers experiencing significant life events such as the death of someone close to them, divorce or the birth of a child
- Providing support to communities impacted by a disaster or by major changes in local economies
- Supporting business customers through transitions, such as family succession.

ALIGNMENT TO THE SUSTAINABLE DEVELOPMENT GOALS



Our world is changing at an unprecedented rate, affecting how we all live and work.

We want to help more people gain the skills that will be needed in the future, and accelerate how we identify and solve the biggest issues impacting Australia and the world.

Initiatives include:

- Providing our employees with access to learning opportunities to help build the skills needed for the workforce of the future
- Investing \$50 million by 2020 to back the people and ideas shaping Australia
- Backing the growth of climate change and housing affordability solutions.

ALIGNMENT TO THE SUSTAINABLE DEVELOPMENT GOALS



We are committed to building a culture of care, inclusiveness and high integrity - where it's expected that all our people demonstrate the values of our company and speak up if something isn't right.

We believe in doing the right thing by our customers, communities and people - grounded in transparency and responsiveness to the concerns of our customers and the wider community.

ALIGNMENT TO THE SUSTAINABLE DEVELOPMENT GOALS



We are committed to continuing to lead on the fundamentals: the sustainability policies, action plans and frameworks. We are also continuing to report on additional metrics that are expected of a bank committed to sustainable business practices.

ALIGNMENT TO THE SUSTAINABLE DEVELOPMENT GOALS



Our full 2020 Sustainability Strategy including goals and measures is available at www.westpac.com.au/sustainability

Year 1 progress

First year progress highlights on our 2018-2020 Sustainability Strategy include:



HELPING PEOPLE MAKE BETTER FINANCIAL DECISIONS

- Continued to offer a range of products and services to help customers pay down their debts more easily and **support their savings goals**.
- Promoted financial capability** for different customer segments, including **2.5 million Australians** via *Starts at 60*.
- Delivered **financial literacy programs** through Davidson Institute in Australia and the Managing Your Money program in New Zealand.



HELPING PEOPLE BY BEING THERE WHEN IT MATTERS MOST TO THEM

- Announced a **\$100 million Drought Assistance Package**.
- Donated **\$100,000** to the Salvation Army Rural Support Services Program and a further **\$100,000** in Community Recovery Resilience grants.
- Established processes to **assist customers** in vulnerable situations earlier in the complaints process for escalation to a high priority resolution team.
- Announced **Loss of a loved one** tools and resources to help customers and their family managing a deceased estate.
- Introduced the option for credit cardholders to block transactions from gambling merchants to support customers vulnerable to a **gambling problem**.
- Expanded **dementia-friendly banking** to BankSA and Bank of Melbourne.



HELPING PEOPLE CREATE A PROSPEROUS NATION

- Welcomed the next **100 Westpac Scholars**, bringing the cohort to 330.
- Westpac Foundation Social Scale-up Grants** supported social enterprises to create 513 jobs¹ for vulnerable Australians.
- Awarded **Westpac Foundation Community Grants** to support 200 not-for-profits.
- 275 businesses supported** through our Many Rivers partnership.
- Announced **200 Businesses of Tomorrow**.
- Supported eight early-stage companies through the **FUELD accelerator program**.
- Published our **Science, Technology, Engineering and Mathematics (STEM) Commitment** centred on talent incubation, championing change and fostering innovation.



A CULTURE OF DOING THE RIGHT THING

- Held Navigate employee training to reinforce **Our Compass**, a framework that brings together **our vision, service promise, values and code of conduct**.
- Maintained **50% Women in Leadership** roles.
- Indigenous Australian** new hires as a percentage of total hiring was 4.3%.
- Tailored Talent* program developed to remove some of the traditional barriers to work for people on the **autism spectrum**.
- One of six employers to attain the highest **Platinum status** in the Australian Workplace Equality Index for **LGBTI inclusion**.
- Established a new **Customer and Corporate Relations Division**, bringing together customer complaints teams from across the Group.



THE FUNDAMENTALS - SUSTAINABILITY POLICIES, ACTION PLANS AND FRAMEWORKS

- Strengthened management of **climate change risk** including new scenario analysis.
- Released BT Financial Group's **Sustainable Investment Approach** and signed the **UNEP FI's Tobacco-Free Finance Pledge**.
- Continued to increase awareness to ensure employees are familiar with our **Speaking Up Policy**.
- Determined Westpac's salient² **human rights issues** and supported the introduction of comparable Australian legislation to the **UK Modern Slavery Act**.
- Continued to **invest in cybersecurity capability** to protect customer information and commercial data.
- \$17.7 million** sourced from **diverse suppliers**.
- Contributed over **\$131 million** to **community investment**.

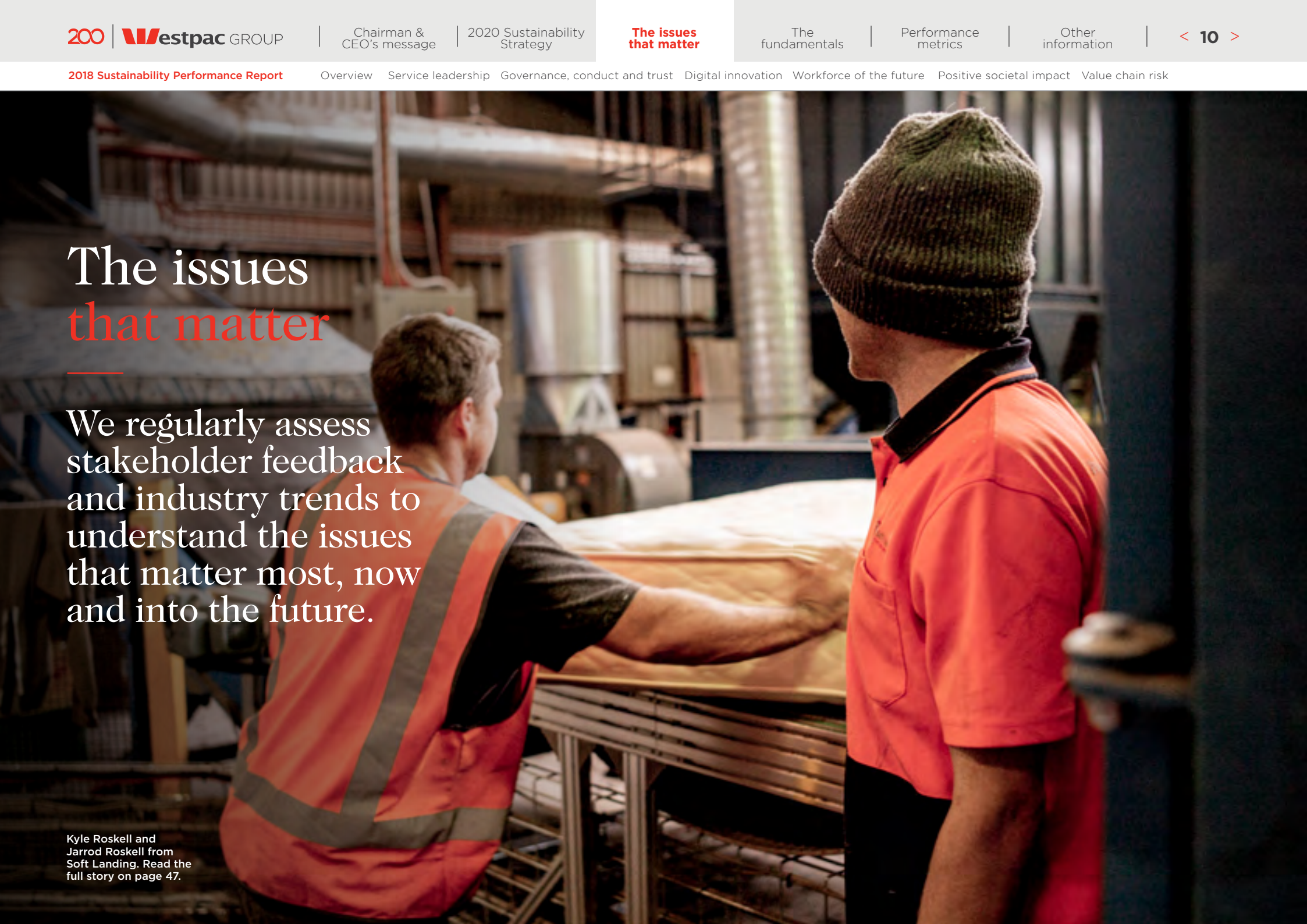
1. All results as at 30 September 2018 except 'jobs created following Westpac Foundation Social Scale-up Grant support', which is as at 30 June 2018. Refer to www.westpac.com.au/sustainability for glossary of terms and metrics definitions.

2. UN language for Human Rights 'at risk of the most severe negative impact through a company's activities and business relationships'.

The issues that matter

We regularly assess stakeholder feedback and industry trends to understand the issues that matter most, now and into the future.

Kyle Roskell and
Jarrod Roskell from
Soft Landing. Read the
full story on page 47.



Overview

The issues that matter

To ensure we identify and understand the issues that matter most to our stakeholders and our business, we conduct regular assessments and stakeholder consultation.

This chart maps the 20 most material topics identified in our materiality assessment undertaken this year and links these to the six issues which inform the content and structure of this report.

- Service leadership**
- Governance, conduct and trust**
- Digital innovation**
- Workforce of the future**
- Positive societal impact**
- Value chain risk**
- Macroeconomic and demographic trends**
 Reflect the external factors impacting the economies, societies and natural environment in which we operate, providing the context for all other topics in our materiality assessment. These factors include ageing population, economic outlook, structural changes, cost of living and housing affordability, education, unemployment and changing nature of employment, and societal health, behaviours, and consumption patterns.



Read more about our materiality analysis in [The fundamentals](#).

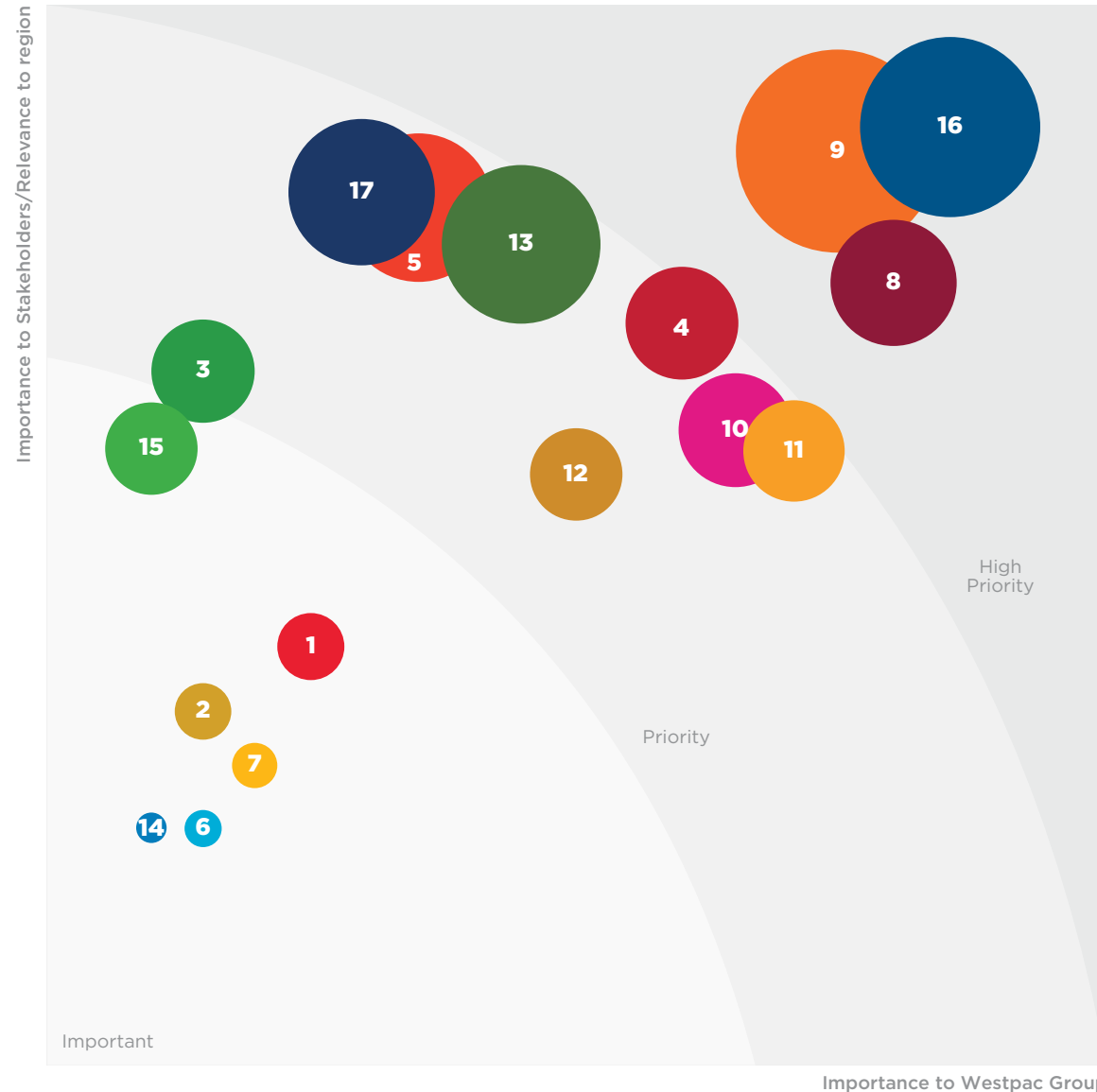
United Nations Sustainable Development Goals (SDGs)

We support the SDGs and their agenda to end extreme poverty, fight inequality and injustice, and protect the planet.

Priority goals for Westpac

We have identified ten priority goals, mapped based on their importance to our stakeholders and our business. Priority goals were identified by considering the SDGs in our materiality assessment and by assessing their importance against our business activities, our stakeholders and operating regions.

Throughout this report we have highlighted examples of how we are contributing to the SDGs.









Bubble size indicates average score of Westpac materiality topics linked to each goal.

Draft Principles for Responsible Banking

This year, Westpac is one of 28 banks from around the world working to develop Principles for Responsible Banking – aligning the purpose of banking with society’s goals as expressed in the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement as part of a United Nations Environment Programme Finance Initiative (UNEP FI). UNEP FI and participating banks will undertake consultation on the draft Principles next year.

We have also mapped our performance against the draft Principles – see Other information – Principles for Responsible Banking reporting index.

The six draft Principles for Responsible Banking (PRB) and the work we are doing to align to each:

<p>1. ALIGNMENT</p> 	<p>Align business strategy with society’s goals as expressed in the SDGs, Paris Climate Agreement and other related frameworks. We remain committed to the Paris Climate Agreement, operating in a manner consistent with limiting global warming to less than two degrees, and have aligned our sustainability strategy to the SDGs – see Issues that matter.</p>
<p>2. IMPACT</p> 	<p>Continuously increase our positive impacts while reducing our negative impacts. A key focus of our 2020 Sustainability Strategy is to accelerate how we identify and solve the biggest issues impacting our business, Australia and the world – see Service leadership, Positive societal impact, Value chain risk, Material topics and Performance metrics.</p>
<p>3. CLIENTS & CUSTOMERS</p> 	<p>Work with clients and customers to create shared prosperity for current and future generations. Our 2020 Sustainability Strategy is centred on our customers and communities and creating a shared future, through: 1) Helping people make better financial decisions; 2) Helping people when it matters most; 3) Helping people create a prosperous nation – see 2020 Sustainability Strategy.</p>
<p>4. STAKEHOLDERS</p> 	<p>Consult, engage and partner with relevant stakeholders to achieve society’s goals. We regularly engage with our customers, investors, employees, government, suppliers, NGOs and communities to ensure our strategy and reporting reflects the issues that matter most to our stakeholders – see Stakeholder engagement.</p>
<p>5. GOVERNANCE & TARGET SETTING</p> 	<p>Implement commitments through effective governance processes and set targets for the most significant impacts. We are committed to leading on the sustainability fundamentals: policies, action plans and frameworks managed through robust sustainability governance and board oversight, and continuing to report on additional metrics expected of a bank committed to sustainable business practices – see The fundamentals and 2020 Sustainability Strategy.</p>
<p>6. TRANSPARENCY & ACCOUNTABILITY</p> 	<p>Commit to transparency and accountability for positive and negative impacts, and contribution to society’s goals. We believe in doing the right thing by our customers, communities and people – grounded in transparency and responsiveness to the concerns of our customers and the wider community through reporting and other forms of regular disclosure – see the Principles for Responsible Banking reporting index, The fundamentals and 2018-2020 Sustainability Strategy scorecard.</p>

Service leadership

Putting service at the heart of everything we do.

Why is this important?

In 2015, we launched our Service Revolution strategy, an ambitious roadmap to enable us to become one of the world's great service companies.

Since then, we have been taking action to deliver on a series of transformation initiatives, particularly in our digital and customer service capabilities.

We think of banking as a service business rather than a product business. Money is an emotional topic and can be intimidating for individuals and businesses alike, which is why there will always be a role for trusted brands. For us, service leadership is about a genuine commitment to helping our customers achieve what's important to them and building deep customer relationships that last.

The way that banking services are consumed and delivered continues to evolve. This reflects, amongst other things, the increasingly complex needs of an ageing and culturally diverse population, structural changes in the economy, increased regulation, evolving customer expectations about how they want to engage with us, including in remote communities where access to services remains a challenge, increased competition and the fast pace of technological change.

This year's Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has brought to light stories and examples of poor behaviour affecting customers across the sector. The process has raised important issues and the need for banks to do more to better meet the needs of customers and the community.

This chapter outlines some of the actions we are taking to deliver positive outcomes for customers and to make banking services more accessible to all. We believe that a service-led strategy, underpinned by digital transformation, that invests in the future while fixing areas where we need to improve, will create long-term sustainable value for our customers, our communities and our employees.

Delivering against the UN sustainable development goals (SDGs)



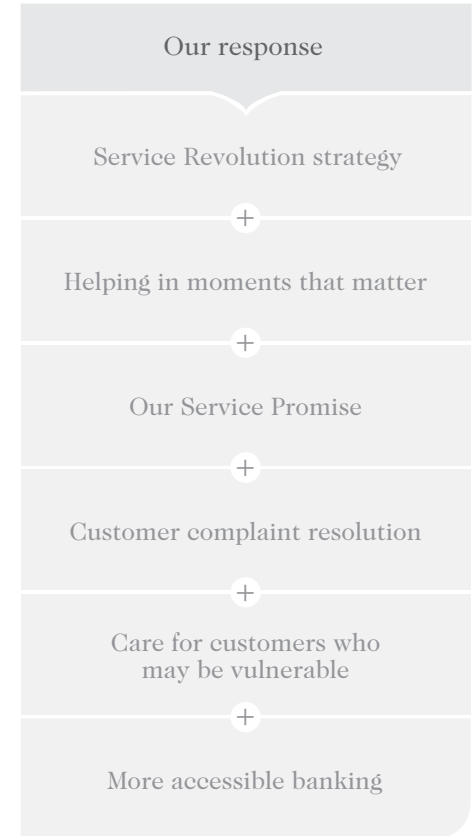
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Reduce inequality within and among countries



Strengthen the means of implementation and revitalise the global partnership for sustainable development



How are we responding?

Service Revolution Strategy

Now in its third year, our Service Revolution strategy is our roadmap to deliver on our vision.



14.2 million customers

Our vision is to be one of the world's great service companies, helping our customers, communities and people to prosper and grow.

Our Service Revolution and its five strategic priorities are our roadmap.



SERVICE LEADERSHIP

Through our service revolution, help customers achieve their goals.



TARGETED GROWTH

Direct investment towards the areas that offer the greatest growth including wealth and SME.



WORKFORCE REVOLUTION

Employ and retain the best people with a culture that helps them succeed.



DIGITAL TRANSFORMATION

Continue to invest in digitisation and use technology to redesign and enhance the customer experience.



PERFORMANCE DISCIPLINE

Managing our business in a balanced and disciplined way to be recognised as the region's best-performing bank.





LOSS OF A LOVED ONE - WE'RE HERE TO HELP WHEN IT MATTERS

Losing a loved one can be a difficult time. As well as the emotional heartache, there is often the additional stress for family and friends of managing the estate, including dealing with the bank.

To help bereaved customers and their family during this time, we have introduced new tools and resources, including:

- New *Loss of a loved one* website with practical tools, checklists and resources to guide customers and their family through everything involved in managing a deceased estate
- Streamlined customer forms and banker checklists to make the process simpler and help reduce the time it takes to finalise an estate
- Banker training to help our people provide caring and practical advice to customers.

Helping in the moments that matter

Our focus on helping means we continue to look for ways we can help our customers in the moments that matter to them. Often these are highly emotional times such as having a baby, losing a loved one, going through a divorce or starting a new business.

This year, we've introduced a number of new and improved products, services and processes, including:

- Tools and resources including a separation support guide and checklist co-written with a specialist in divorce proceedings to support our customers who **separate or divorce**
- Home Loan Parental Leave Mortgage Repayment Reduction to enable **customers on parental leave** to reduce home loan repayments by 50% for up to 12 months
- Online application form in simplified Chinese to help Chinese-speaking **customers migrating to Australia** open a bank account up to 12 months in advance of arrival for a smoother transition
- **Retirement Adequacy Illustration Paper**, a real time financial modelling tool used by financial planners with customers, providing an illustrative view on their retirement wealth adequacy to help them plan or to give peace of mind.

4 **SDG 4**
 Helping customers in moments that matter contributes to **SDG 4**

Service where customers need it

Value is created by building strong and enduring relationships with our customers, however they choose to bank with us. There are times when customers want to engage with a banker and times when they want to use our digital channels. Our goal is to provide a seamless customer experience across all our channels so customers can choose how, when and where they would like to engage with us.

We operate an extensive network of branches, Business Banking Centres, Customer Care contact centre teams and ATMs across Australia, New Zealand, Fiji and PNG. In areas where there is demand, we continue to invest in technology upgrades and refurbishments to our interactive branch formats. In areas where the number of customers coming into a branch does not support a continuing branch presence, we partner with Australia Post for customers to access Bank@Post for everyday banking transactions such as checking account balances, paying credit card bills, and making deposits and withdrawals.

We continue to see a rise in customers choosing to access banking services through our internet and mobile channels, with 40% of customers now digitally active. See [Digital innovation](#) for more information.

Our Service Promise

Banking is a service business, and this requires a service-led culture.

Developed by our people, *Our Service Promise* articulates the actions and behaviours we aspire to in order to become a great service company. Two years in, we continue to embed service into our culture, including through weekly 'huddles' where employees meet to share examples of great customer service and have frank conversations about what we need to do better.

We want to support our people to show empathy with our customers – listening, to understand what the customer is seeking to achieve, being curious and asking questions, and showing a genuine desire to help.

Information on initiatives to provide clear guidance on standards of behaviour and conduct, as well as processes and policies to enable our people to do the right thing can be found in [Governance, conduct and trust](#) and [Workforce of the future](#).

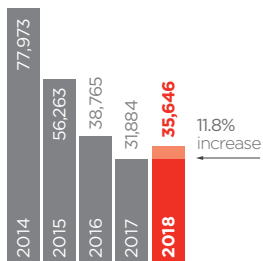




“I believe customer complaints are a second chance to fix things for our customers and give us valuable information that shows us where we need to improve. If we get it right for our customers, we build trust in our communities – customer by customer.”

Carolyn McCann, Group Executive, Customer & Corporate Relations

NUMBER OF INDIVIDUAL COMPLAINTS - AUSTRALIA



Get it right, put it right

We seek to 'get it right' for customers in the first instance and, where errors occur, 'put it right'.

We have an ongoing process to conduct product by product reviews to re-assess their features and how they can be best structured to meet customer needs.

More examples can be found in [Governance, conduct and trust](#).

Customer complaint resolution

We are focused on improving the way we deal with customer issues and complaints, particularly how we assist customers in vulnerable circumstances and for whom the consequences of their situation are severe.

To raise the visibility of complaints at the highest levels, we have appointed a new Group Executive, Carolyn McCann, who oversees complaint handling across the Group. This complements the important role of our Customer Advocate.

To make it easier for customers to make a complaint and have their issue heard and resolved, we have made our complaint process information more prominent on our website. We are also working to ensure that employees log complaints received in other ways. This year, for the first time in three years, we have seen an increase in customer complaints. While we are committed to reducing the total number of complaints we receive, we see complaints as a second chance to improve the customer experience and to solve issues before they become bigger or affect more customers.

Making banking accessible for all

A key pillar of our 2020 Sustainability Strategy is helping people to make better financial decisions. We believe in creating a fairer, more inclusive and confident society by helping people understand money and making banking accessible to all.

Taking extra care with customers who may be vulnerable

We recognise that our customers are individuals and need help in different ways, at different times. Many of us will become vulnerable at some point in our lives and in need of extra help or care. This may be as a result of financial stress, poor health, or other circumstances such as family and domestic violence. Some circumstances also make customers vulnerable over the longer term.

Initiatives to improve the way we support customers experiencing vulnerability and financial hardship include:

- A new [Customer Vulnerability 2020 Action Plan](#).
- Convening the Vulnerable Customer Council, which brings together representatives from consumer advocate groups, financial counsellors and community organisations to understand their views and perspectives on our approach to issues affecting vulnerable customers.
- St.George became Australia's first Dementia Friendly Bank in 2017 and BankSA and Bank of Melbourne are now also officially accredited by Dementia Australia. We've launched initiatives such as learning modules for our bankers as well as upgrading branch fittings. We are also working with Dementia Australia to raise awareness.

- Introducing an option that enables primary credit cardholders to block transactions from betting, casino and online gambling merchants on their credit cards. This is to support customers who are vulnerable to a gambling problem to manage their credit card spend.
- Helping customers experiencing hardship, issuing over 37,000 financial assistance packages.
- Continuously improving our hardship processes through embedding regular case study reviews and consultative decision-making with the right subject matter experts, both internal and external, to ensure that our solutions are reflective of our commitment to supporting customers who experience vulnerable situations. We are committed to working closely with our customers to find the best solution for their individual circumstances. This includes situations involving domestic and family violence, financial abuse, and elder abuse, which continue to be problems within the communities we serve.
- Establishing a specialist team with experience in areas such as health and social work, to help customers in highly complex vulnerable circumstances experiencing financial hardship.
- Through quarterly roundtables with representatives from the National Debt Helpline and financial counselling sector, continually identifying opportunities to improve our standards of service.

- Piloting different engagement models with our financial counsellor partners to improve our response times while being able to develop localised expertise to ensure our solutions are right for our mutual customers.
- Proactively engaging with various community support services to explore collaborative opportunities. An example is the work we are doing with the Australian Banking Association (ABA) and Financial Counselling Australia to establish a fee-free service to help customers who are overwhelmed with debt with multiple creditors.
- Expanding our personalised state-based case management approach. Customers receive individual support from a dedicated case manager who understands their local economic environment and can tailor solutions to their individual circumstances.
- Introducing a new conversation training program for our Customer Assist team to ensure they are equipped with the right skills and techniques to handle sensitive matters with genuine care.
- Identifying customers in vulnerable situations earlier in the complaints process and escalating them to a specialist team for extra care as their complaint is resolved, while maintaining the right balance between customer protection, privacy and legal obligations.

- Preparing for the application of the new industry standards set out in the revised ABA Banking Code of Practice commencing July 2019, which for the first time has a dedicated section on inclusive and accessible banking, including *Taking extra care with customers who may be vulnerable*.
- As an ABA member, we participate in industry working groups on topics including elder abuse, domestic and family violence and the National Redress Scheme. We are also guided by the Australian Financial Complaints Authority (AFCA), (and previously by the Financial Ombudsman Service), in areas such as joint facilities and family violence, and elder financial abuse.

Supporting accessibility and financial inclusion

We continue to deliver on the commitments in our 2017-2020 Accessibility Action Plan to support our customers with a disability. We have built a network of Accessibility Champions across our business and are in the process of upskilling their knowledge of accessibility best practice. Training has recently been completed for concierge employees in basic AUSLAN to support visitors and guests in our head office locations.

We continue to participate in the Financial Inclusion Action Plan (FIAP) Community of Practice, collaborating with cross-industry partners and working towards our next FIAP to be launched in the second half of 2019.

Supporting our Indigenous customers

Delivering better banking services for Aboriginal and Torres Strait Islander customers, including in remote areas, is a key part of our Reconciliation Action Plan (RAP).

To address this, we are creating a dedicated customer care team, including a dedicated telephone number for Aboriginal and Torres Strait Islander customers located in remote locations. The team will provide specialist support to address challenges such as helping with identity verification. This will complement the face to face services and financial literacy programs offered by our Indigenous Business Banking and Davidson Institute teams, including pop-up branches and taking part in community events such as 'bring your bills' days where customers can receive advice or assistance from a number of service providers in one place.

After the successful launch of Banking Story, a financial literacy tool to help remote Indigenous customers, we will shortly commence a research phase to assess how it could be used in additional remote, regional and metro regions.

In our 2018-2020 Reconciliation Action Plan, we committed to exploring solutions for a fair and culturally appropriate funeral cost savings service to meet the needs of Indigenous families. Over the past year, we have considered a range of approaches, engaging both internally and externally.



SUPPORTING REMOTE COMMUNITIES

Through a pop-up bank service, our Indigenous Business Banking team travel to remote and very remote communities to offer non-cash branch services.

As well as assistance with everyday banking, the team also offer one-on-one sessions on how to manage your personal banking products and services in a remote area.

The Northern Territory Manager for Indigenous Business, Alinta McGuire, with the support of Westpac Consumer Bank and BT Financial Group has provided direct access to banking for four remote and one very remote Indigenous communities in the Northern Territory in 2018, with plans to take the pop-up bank service to more locations in 2019.

10 **SDG** **GOALS**

 Making banking more accessible contributes to **SDG 10** to reduce inequalities



Official banking partner
for Channel 9's Farm Aid
Telethon raising over
\$9.1 million for drought
affected communities
across Australia.

Helping communities affected by natural disasters

In the past year, there have been a number of communities affected by natural disasters, including bushfires in NSW and Victoria, and significant impacts from Cyclone Marcus in North Queensland along with flooding in South East Queensland and Northern NSW.

Westpac's Natural Disaster Recovery Fund was established in 2013 to help community organisations build community resilience and recover from natural disasters. This builds on over 200 years of support since Australia's first disaster relief fund was launched to support victims of the Hawkesbury River Flood in 1817. Following Cyclone Debbie, which affected Northern NSW and South East Queensland in early 2017, we announced \$100,000 to support local organisations. A total of 11 organisations received funding including Volunteer Marine Rescue (Qld).

In 2018, we issued 104 disaster relief packages to support the recovery of affected customers. Disaster relief packages include deferred repayments, emergency credit limit increases, discounted personal loans and immediate practical help to assist customers manage the impact of natural disasters on their finances.

Following a magnitude 7.5 earthquake in PNG earlier this year, Westpac donated AU\$50,000 to the PNG Salvation Army to assist with relief efforts such as providing food and other essentials to families in affected communities.

Helping drought affected communities

To assist our farmer and agribusiness customers we announced a \$100 million Drought Assistance Package, which includes a range of lending support options such as discounted loans, deferring repayments and adjusted interest rates for customers with Farm Management Deposit (FMD). We made a corporate donation of \$100,000 to the Salvation Army Rural Support Services Program and provided a further \$100,000 in Community Recovery Resilience grants which will be delivered in partnership with the Foundation for Rural and Regional Renewal to expand the impact of their *Tackling Tough Times Together* program. This program aims to support the long-term needs of drought affected communities.

We were also the official banking partner for Channel 9's Farm Aid Telethon, which raised over \$9.1 million for drought affected communities across Australia. This included over 5,000 donations at Westpac branches to raise more than \$700,000 for Rotary Australia and the Salvation Army Rural Support Service.



Partnering to help drought
affected communities contributes
to **SDG 17**



Greg Woodlock on his farm,
with his banker, Anna Thorpe.

HELPING OUR CUSTOMERS

Helping a farmer through the drought

Managing over 6,500 head of sheep near the drought-prone geographical centre of NSW, Greg Woodlock understands the ups and downs of running a farm. With Westpac's help, he has expanded his business and secured the farm's long-term viability.

Until earlier this year, Greg leased a part of the 16,500 acre property 'Kaloola' from a family who had held it for generations.

"From the minute I walked on to the property, I knew I was home. When it came up for sale, straightaway I called Anna," says Greg.

Anna Thorpe is Greg's banker. She's an Agri-business specialist in Westpac Business Bank's 'Connect Now' team. Connect Now operates like a business banking hub, bringing together a range of business banking services, using technology to connect with customers like Greg remotely.

"The sale was complicated, but Anna had been my banker for over two years and knew my business and financial position inside-out. Without her, the sale would not have gone through."

Water: nature's liquid gold

Water security is a major consideration for any Australian farmer, especially in central NSW. For Greg, following the purchase of his new property, his focus was to secure water, and with the next allocation of water from the Burrendong Dam only weeks away, he needed to act quickly. Greg's plans were to triple the size of the existing dam, but this meant commissioning major works and installing a new pump system.

"A few days before the water was set to be released I had reached my budget, but the job was not complete and I risked missing water for the next 18 months. That's when I got back on the phone to Anna."

Help when it's needed

"When Greg called on the Wednesday afternoon I could hear the urgency in his voice. Without the funds the works couldn't progress, and he'd miss the water allocation," says Anna. "In the depths of drought, this would be devastating."

Anna worked quickly to secure the necessary funds. "It was great to be able to call Greg back to let him know he could finish the dam, knowing he had the funds to back him."

Following the news from Anna that the funding had come through, Greg and his contractors worked through the weekend to finish the dam.

"We collected a good volume of water. In this drought, the water underpins the growth of my flock and my business."

"If it wasn't for Anna and her dedication, I would be in a very different place, facing a different reality - that's why I call the dam 'Anna's aquarium'."

Governance, conduct and trust

We continue to listen, reflect and take action.

Why is this important?

Banks play an important role in society and the economy. They support the country's investment requirements and facilitate access to foreign capital, they provide financial products and services to individuals and businesses and enable the efficient flow of funds around the economy. As the world economy is becoming more complex, a strong financial services sector is important for the overall strength and future prosperity of the nation.

Governance, accountability and culture have been at the centre of industry dialogue in the past year, particularly in light of the questions arising from the Royal Commission.

With service at the heart of our company strategy, we have commenced a number of initiatives to improve our policies, procedures and practices, building on work we have been doing over past years such as the appointment of an independent advocate for our customers and working with the ABA and industry to develop the new Banking Code of Practice. We also continue to strengthen our conduct and governance policies, processes and culture, which we explore further in this chapter.

As the public dialogue on the future of banking and financial services in Australia continues, we are committed to working with government, regulators, industry and community groups in an open and transparent way to build a strong banking system that delivers better outcomes for customers and the economy as a whole.



Delivering against the UN sustainable development goals (SDGs)



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Strengthen the means of implementation and revitalise the global partnership for sustainable development

How are we responding?

Commitment to higher standards and strengthening our conduct and governance capabilities

Over the course of this year, we have taken a number of steps to further strengthen our conduct management and raise standards to drive better outcomes for our stakeholders.

A culture of service and doing the right thing

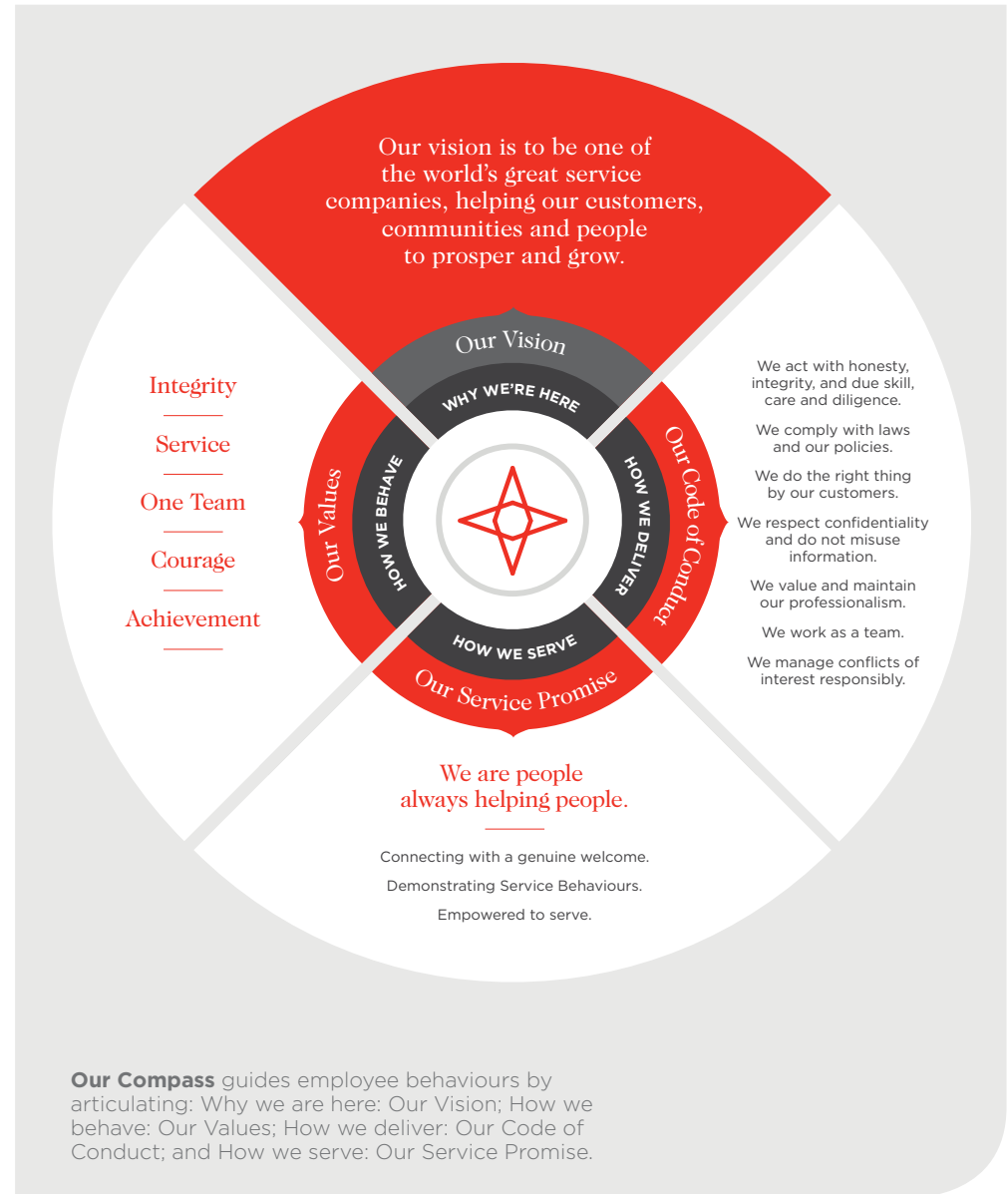
We have immense pride in our people. As a service business, every day we see the commitment of our people to making a meaningful difference in the lives of our customers and in the local communities in which we operate. However, as the world of banking and financial services becomes more complex, it can be hard for our people to navigate and feel confident they are doing the right thing.

Recently every employee had the opportunity to refresh their knowledge of *Our Compass*, a framework which organises in one place the key guidance for employees on our cultural and behavioural expectations. It aims to empower employees to make decisions that are consistent with our values, and to challenge decisions that may not be. *Our Compass* is supported by a wide range of training, documentary guidance and awareness programs.

This year we have delivered our redesigned mandatory training to all employees to help them more clearly understand what 'Doing the Right Thing' at Westpac looks like. We are also in the process of rolling out 'Why complaints matter' online training across the company.

The Retail Banking Remuneration Review (Sedgwick Review) was an independent report commissioned by the ABA into how banks should reward customer-facing staff to address the potential for conflicts of interest to arise from the design of incentive structures. In July, we announced that we would implement the recommendations of the Sedgwick Review for our employees two years earlier than required. This means that since 1 October 2018, incentives for consumer and business banking customer-facing employees are now further weighted towards providing customer service and doing the right thing, rather than product sales. This builds on steps we took two years ago as the first bank to remove sales incentives for tellers and to de-link increases in base pay from product sales.

More information on initiatives to build our service culture and help our people do the right thing can be found in [Service leadership](#) and [Workforce of the future](#). More information on our remuneration approach can be found in the Remuneration Report in the *2018 Annual Report*.



New Banking Code of Practice

A major step forward for the industry is the development of the new Banking Code of Practice. In a first for the finance sector, the Code has also been approved by the Australian Securities and Investments Commission (ASIC). Commencing in July 2019, the Code introduces a range of measures and builds on existing commitments to make banking products easier to understand and more customer focused for consumers and small businesses. It has a stronger commitment to ethical behaviour, responsible lending, greater financial protection and increased transparency.

Greater accountability

We welcome the new Banking Executive Accountability Regime (BEAR), which came into effect on 1 July 2018. Intended to provide a clear responsibility and accountability framework for the most senior and influential executives and directors, we have updated a number of internal policies and practices to reflect the new requirements. This includes introducing a new Group Consequence Management Framework, which builds on existing policies and practices to provide greater consistency in the management of employee conduct. This reinforces that there will be consequences for employee conduct that does not meet the standards expected.

The design and implementation of executive remuneration structures to better promote sound risk management and long-term financial soundness remains a key area of regulatory focus. BEAR brings with it new remuneration requirements for certain accountable persons with respect to deferral arrangements, which we have implemented accordingly.

Safe to speak up

We continue to strengthen our [Whistleblower Protection Policy](#) to encourage employees to speak up when they see something that is not right. Now referred to as our Group Speaking Up Policy, it has been amended to expand the scope of individuals who can access the program as well as the protections they can receive. We are implementing a new platform to track and manage issues and are undertaking greater analysis to identify insights, as well as to enhance our internal governance process. In addition, we have continued increased awareness campaigns and training, and will be developing tailored approaches to engage different areas of the Group.

Culture, Governance and Accountability (CGA) Self-Assessment

Following its Prudential Inquiry into the Commonwealth Bank of Australia (CBA), APRA requires the largest financial institutions, including Westpac, to undertake a Culture, Governance and Accountability (CGA) Self-Assessment. We are currently undertaking the assessment, the findings of which will be submitted to the Westpac Board for review and endorsement for submission to APRA by 30 November 2018.

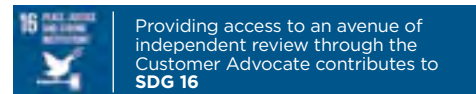
Resolving customer issues

Since the appointment of the Westpac Customer Advocate in late 2016, there has been a focus on building awareness of the advocate services. Information on how to contact the Customer Advocate is now communicated in all complaint resolution letters sent to retail, small business and wealth customers so those dissatisfied with the bank's handling of their issue are aware of the options available.

Interest in the Customer Advocate services has been strong in the past year, with customers keen to have an avenue to have their dispute resolution reviewed independently and continue dialogue with the bank.

On page 26, Westpac's Customer Advocate Adrian Ahern shares his observations on the cases his team reviews and the actions being taken by the bank to fix underlying causes. Metrics are available in [Performance metrics – customer advocate](#).

More information on what we are doing to strengthen our handling of customer complaints, in particular the appointment of a new Group Executive to oversee complaint resolution across the Group and increase visibility of customer complaints at the highest levels of the bank, as well as initiatives to improve the way we support customers in vulnerable circumstances, can be found in [Service leadership](#).





Our Principles for Responsible Lending

- We make inquiries about our customers' financial situation
- We take steps to verify our customers' financial situation
- We make inquiries about our customers' requirements and objectives
- We only offer products that are not unsuitable to the customer
- We market our products and services responsibly
- We support customers facing financial difficulty
- We help to improve the financial literacy and capability of our customers

Get it right, put it right

Through our 'get it right, put it right' initiative we are continuing to strengthen internal policies. Under our product lifecycle reviews and other processes, we review and seek to improve our products and services with the customer outcome in mind, including proactively reviewing products, processes and policies on a regular basis to ensure they effectively serve customers' interests and operate consistently with our values. We aim to ensure our products are in line with our Group fairness and suitability principles and our commitment to service.

Where mistakes are identified we remain committed to taking steps to put it right and remediate the situation. We have established the Group Customer Remediation Policy to clarify core principles and requirements and enhanced governance and oversight of customer remediation.

Responsible lending continues to be a major regulatory focus. [Our Principles for Doing Business](#) outline our commitment to doing the right thing by taking appropriate steps to ensure that the debt our customers take on is appropriate given their needs and financial capacity.

This year, we have enhanced our notification process to contact residential home loan customers moving from interest only to principal and interest repayments before the expiry of their interest only loan portion, to help them plan ahead. We have also incorporated additional expense categories in our credit assessment, enhanced verification standards, and introduced digitally-enabled tools for certain credit card and secured lending applications across our lending channels.

We are also committed to raising professional standards in the area of financial advice, an area which has been under particular scrutiny during the Royal Commission process. In July, we announced the removal of grandfathered payments to BT employed Financial Advisers from 1 October on BT superannuation, investment, insurance and platform products, which will result in a financial benefit to more than 140,000 customers of BT Financial Advice operating through the Westpac, St. George, Bank of Melbourne and BankSA networks.

We have also changed how the performance of our BT Financial Advisers is measured, with a new remuneration scorecard excluding all product commissions taking effect for our salaried BT Financial Advisers from 1 October, to be extended across partner advisers in 2019.

These initiatives build on a number of steps taken over recent years to increase standards in our financial advice business, including establishing BT Adviser View for customers to be able to openly provide and review feedback on BT Financial Advisers, and partnering with The Ethics Centre to create a professional ethical literacy course that is mandatory for all new BT Financial Advisers. We have progressively raised minimum ongoing professional development requirements, and have introduced further controls to improve the way we prevent and detect instances of poor advice. This includes strengthening our monitoring program and consequence management framework.

More examples of 'get it right, put it right' initiatives can be found in [Service leadership](#).

LITIGATION

There have been a number of instances where we have been involved in litigation over the course of the year. One example is the civil penalty proceedings brought by ASIC against Westpac in the Federal Court of Australia in respect of financial advice provided by a former Westpac financial planner. These proceedings have been scheduled for hearing in April 2019.

Industry reform continues

In April 2018, Mr Ian McPhee AO PSM released his final report on the progress of the banks to deliver on the ABA-led Better Banking Reform Program. The report found that significant progress has been made, in particular the Sedgwick Review changes to banker remuneration, improved protections for whistleblowers, and the introduction of the conduct background check protocol to prevent employees with a history of misconduct from moving around the industry.

Westpac supports the proposed reforms of the Combined Industry Forum to further improve customer outcomes in the mortgage broking market, and continues to advocate for higher industry standards across wealth products and services, including supporting legislative intervention to sunset grandfathered payments.

Through BT Financial Group, we were a founding member of the Insurance in Superannuation Working Group and will be adopting the Insurance in Superannuation Voluntary Code of Practice for superannuation trustees. As we implement the new standards, it will be important to work through some complex scenarios to ensure that members benefit from the additional protections.

We are supportive of the key draft recommendations of the Productivity Commission's interim report as they relate to the superannuation industry, including the establishment of an expert panel to select the 10 'best in show' funds to help guide consumer choice.

We are committed to making life insurance accessible to all Australians and ensuring customers who lodge a claim with us continue to be supported throughout the process. Since 1 March, we apply minimum standard medical definitions as outlined in the Life Insurance Code of Practice for heart attack, cancer and stroke to all policyholders no matter when cover commenced. We have also extended our medical improvements statement to all policies so customers making a claim will be assessed against the latest method for diagnosing medical conditions both now and in the future. These changes go beyond what is required under industry standards and follow recent improvements such as being the first Australian insurer to introduce a service that facilitates electronic medical certificates (e-Certs), making it easier for doctors to issue medical certificates for patients who are making a claim.

At a global level, as per [Issues that matter – overview](#), we are one of 28 banks developing the Principles for Responsible Banking as part of the UNEP FI. The draft principles are anticipated to be shared for consultation in November 2018 and finalised in 2019.



Partnering to deliver on industry reforms contributes to **SDG 17**

CUSTOMER ADVOCATE

Our advocate for customers

Westpac's customer advocate, Adrian Ahern, provides Westpac's retail, small business and wealth customers with an independent avenue for dispute resolution. Adrian's role complements the further changes Westpac has made during 2018, with the establishment of the Customer & Corporate Relations division.

In the past, customers who were not satisfied with the handling of complaints often avoided taking on the banks, worried about the cost, the likelihood of a fair hearing or the prospect of how they would fare noting the resources of a large company.

And so, in late 2016 as part of the Australian Banking Association's six point plan initiative, Westpac appointed Adrian Ahern as its Customer Advocate – shifting the balance in the management of complaints back to customers. Adrian has set up a team of ten case managers, offering customers a second opportunity to have their complaint reviewed.

"We start with a clean slate and carry out a thorough review of every matter that comes to us. We listen to customers and encourage them to be open and frank. This helps us uncover all aspects of the matter and at times reveals a vulnerability or circumstance that should have been understood by the bank earlier," says Adrian.

Adrian has broad discretion to make decisions that are binding on the Group, not on the customer. Over the last year, the team dealt with 450 cases. Of these, approximately one third of the Group's prior decisions were substituted; one third remain unchanged; and for the remaining third, the Customer Advocate agreed with the Group's decision but took further action to ensure a fair outcome was delivered. This was often because further information became available during the review process. In addition, Adrian provides feedback to help Westpac improve its policies and processes, including those relating to how it deals with complaints.

Offering an independent view

Independence is fundamental to the role of Customer Advocate and while Adrian is employed by Westpac, his role is structured to support this.

"I don't report to any business unit, but rather to the Group Executive responsible for human resources. That said, I meet regularly with Westpac's CEO and Chairman, the agendas are always open and they usually start by asking me what I am seeing and how they can help," says Adrian.

"My remuneration is fixed and I'm not entitled to any short-term incentives. And most importantly, I have no hesitation in putting noses out of joint when putting things right for customers."

As part of his role as Customer Advocate, Adrian also acts as mediator between the Group and customers in a range of disputes across the Group, provides support to customers experiencing vulnerability and liaises with external stakeholders such as consumer and small business groups and



Westpac Customer Advocate, Adrian Ahern

the Ombudsmen to receive feedback on what Westpac can do better.

"Working with my team is the greatest aspect of my role. Each member brings a particular skill and perspective. And they have been through life experiences that help them approach matters with suitable robustness and also great empathy," says Adrian.

Against the background of the Royal Commission this year, customer complaints into Adrian's team have increased fourfold and range from issues involving responsible lending, elder and domestic financial abuse to incomplete wealth advice.

"Since the Royal Commission commenced, customer confidence in putting complaints to Westpac has increased, which is a very good thing because we get to fix what has gone wrong and put in place changes to ensure it doesn't happen again. At the same time,

because of all that is happening in the external environment, we're seeing a lot of frustration directed towards the bank and that can be challenging."

Changing for the better

"Over the last two years I have seen a genuine openness and commitment to change within the bank," says Adrian.

"Westpac employees are passionate about customers and the Group is making changes which demonstrate a real shift in the way complaints are approached and managed. There's still work to do, but by listening more closely and understanding customers and their circumstances more fully, the Group is better placed to get it right in the first instance."

Digital innovation

Embracing the digital opportunity.

Why is this important?

Across nearly every industry – music, automotive, medicine, retail, manufacturing – traditional business models are being challenged and reimaged by innovations in technology. This is transforming the way customers engage with brands and consume goods and services.

From using data analytics and artificial intelligence to provide personalised customer experiences, to developments in new payments technology including new payment apps and the New Payments Platform (NPP), technology innovations are reshaping the future of banking.

The banking and financial services landscape continues to evolve, from established banks to fintech start-ups and technology companies expanding into new markets.

Customers want to be able to access banking services whenever, wherever and however they choose. Customers are looking for a service experience that is contextual, consistent, convenient and immediate, and they are comparing their digital experiences to the best across all industries. 40% of our customers are now digitally active.

Trust is key in the digital world. Customers want to know that their personal information is secure and that they will be supported in the event of fraud. Data, when used safely, effectively and by trusted users, provides immense value to customers, industry, government and society more broadly. Information security and privacy will continue to be central themes as we move towards becoming a data sharing economy with Open Banking starting next year.

Advances in digital technologies enable us to create new and innovative service experiences for our customers, while modernising our infrastructure and processes to free up resources for more strategic investments in our business.

How are we responding?

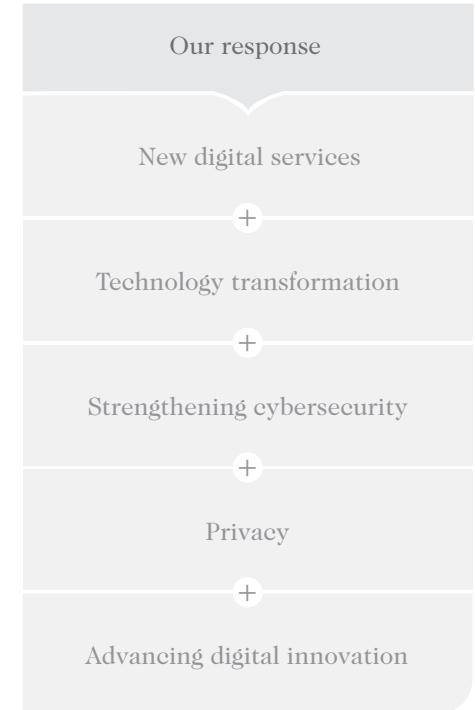
Digital transformation is a key pillar of our Service Revolution strategy. We continue to invest in our digital service offerings and transform our technology infrastructure, through a mix of in-house development, partnering and direct investment.

New digital services

We have a proud history of digital firsts – the first Australian bank to offer internet banking, the first to deliver fingerprint logon for mobile banking on the iPhone, and the first major Australian bank to put banking on customers' wrists when the Apple Watch arrived.

New digital features and enhancements include:

- **Mobile Cheque Deposit**, an Australian banking first with eligible Westpac customers able to deposit a cheque simply by taking a photo of the cheque through the Westpac mobile banking app.
- **Online Home Loan Applications**, with St.George, Bank of Melbourne and BankSA customers now able to complete their mortgage application process online or via mobile, including obtaining on the spot personalised pricing and valuations, live chat support, and the ability to stop and restart the process at any time.
- **Presto Smart**, a new integrated payments solution, developed in collaboration with Assembly Payments, to help make fast over-the-counter payments and reconciliation easier for Australian businesses.



Delivering against the UN sustainable development goals (SDGs)



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



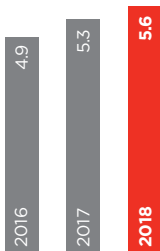
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



Strengthen the means of implementation and revitalise the global partnership for sustainable development

'Hey Siri, send Joe Citizen \$20'

DIGITALLY ACTIVE CUSTOMERS ACROSS WESTPAC GROUP



- **PayWear**, a new wearable, waterproof debit card providing a hands-free way to pay without needing to carry a wallet or a phone.
- **Beem It**, a simple and free payment app that helps users, including small businesses, make instant payments and transfers to other users on their smartphone, regardless of who they bank with. Built as part of our joint venture with two other major banks, users can also request payment from someone who owes them money, or split a bill.
- **Accessing accounts and making payments** using Apple's voice and digital personal assistant Siri on iOS devices with Touch ID and Face ID, as well as voice activated banking through Amazon's Alexa on Echo Spot and Google Assistant, helping customers to have hands-free access to their account balance, recent spending history and reward points status.
- **Fitbit Pay**, an easy-to-use mobile payment service paired with Westpac MasterCard to enable customers to make payments with their eligible Fitbit smart watch at any merchant that accepts contactless payments.
- **Westpac for iMessage**, which allows customers to make payments, get a cardless cash code and share BSB and account details with those in their contacts list, while texting on their iPhone.
- **Bank Feeds**, enabling business customers to stay up to date by connecting their transaction accounts to their accounting software or third party service provider for easier reconciliation and help manage cash flow.
- **Savings Goals**, helping our Life and Bump account holders reach their savings goals by creating the ability for customers to directly transfer from a linked account into a created savings goal.

- **BT SuperInvest**, a new superannuation product offering customers broad investment choice and flexibility to personalise their portfolio from mobile or tablet.
- **BT Panorama**, BT's flagship investment platform has launched new digital consent functionality to make it easier for advisers and customers to manage the transaction approval process.

New Payments Platform (NPP)

In a significant change for Australia's payments industry, the introduction of the New Payments Platform earlier this year made 24/7 real time payments a reality. The public launch was the culmination of three years of extensive industry-wide collaboration amongst all major banks, the Reserve Bank of Australia and other industry players.

As part of this service, consumers can create a PayID using their mobile number, or for businesses, using an ABN, which enables them to receive and process payments almost instantly without using a BSB and account number.

From the public launch date in February 2018, we have gradually rolled out NPP services starting with a small group of customers before opening up the platform to the Westpac consumer customer base.

In the next few months, the roll-out will progressively flow to our business, institutional and government customers with our St.George, BankSA and Bank of Melbourne customers being offered NPP services at a later stage. This is a major project which we're keen to get right to ensure our customers have a quality experience.

Technology transformation

We have a service-led strategy, underpinned by digital transformation. The focus this year has been on delivering strategic capabilities through our major technology transformation programs.

In a major milestone for our largest transformation program – Customer Service Hub – we completed a successful pilot to process the first live home loans through the new platform. Starting with the new mortgage origination process, the Customer Service Hub aims to provide customers and bankers with an “anytime, anywhere, any channel” home ownership experience that is simple, digital and standardised. We expect to start originating new Westpac mortgage customers on the new platform from late 2018, with St.George, Bank of Melbourne, BankSA and our mortgage broking channels to follow.

Other transformation programs include continuing to deliver a simplified and standardised technology infrastructure. The infrastructure transformation program has delivered improved capabilities to our hybrid cloud environment, reducing the time to provision infrastructure from weeks to days – hours in some cases – while also providing customers with greater security and system stability.

Our workplace transformation program has started to unlock new and better ways of working for our people, as we know that great employee experiences drive great customer experiences. Over the next 18 months we are rolling out new document and team collaboration tools, making it easier for our people to be mobile, and new technologies that support smarter meetings both internally and with our customers.

Minimising service interruptions

System availability and minimising technology outages remains a priority. We only take our systems offline when we need to and seek to minimise disruption by performing system upgrade work overnight or over weekends when usage is at its lowest. We continue to help customers plan for scheduled maintenance periods through advance notice via our mobile app, online banking platform and social media channels.

This continued focus on customer experience and system stability has resulted in very low instances and shorter periods of unplanned outages over the course of the year.

Strengthening cybersecurity

Protecting our customers' trust and privacy remains at the heart of our information security strategy. Cybersecurity is a fast evolving landscape, with rapid advances in both attacker techniques and innovations in security capabilities, therefore we are constantly assessing and evolving our approach.

This year, we have continued to invest in new cybersecurity capabilities, with more than 20 control enhancement projects currently underway. This includes a refreshed internet access strategy delivering improved protection for our employees and their devices, enhanced controls around privileged access across many systems, a reduction in the volume of users with local administration access, and stronger protections within our key database systems. These initiatives have helped improve both our ability to prevent attacks and to detect and respond to events.

Throughout our technology environment we have layers of controls to protect our systems and continue to strengthen their resilience.

Our layered control framework across our technology environment includes controls at the network edge, such as firewalls, intrusion prevention and network isolation, where we connect our networks to the internet and our business partners.

Inside our network, we operate controls on individual servers as well as in the infrastructure around them, to both prevent and detect attacks and misuse.

We are also focused on implementing stronger security on our end-user devices, such as enhanced mobile app security, as well as enhancing controls for identity and access.

These various preventative controls provide activity data through automated sensors which further help us identify attacks and trigger containment and remediation.

We are aware of the significant role that people can play in the overall security fabric of our organisation. With the right support, people are a very resilient, flexible detection system for new, innovative attacks. We therefore continue to invest in education and awareness activities for our employees, partners and customers. This year, aligning with industry and government initiatives such as Scams Awareness Week and Safer Internet Day, we hosted a number of information sessions for our employees on topics such as identity theft, online safety and protecting customer data.

Online fraud

As the incidence of scams continues to increase, we continue to invest in security technologies to help us protect our customers' digital identity when they bank online. We aim to identify potentially fraudulent transactions and notify customers, reducing financial loss to potential victims by 45% in 2018. We have also partnered with IDCARE, Australia & New Zealand's National Identity & Cyber Support Service, to provide additional support for customers in these situations.

Business email compromise scams, where employees of the business are socially engineered by cybercriminals via email to submit fraudulent payments, have almost doubled in Australia with an increased impact on small to medium-size businesses. To raise awareness, this year we have continued to deliver cybersecurity information sessions to our business customers across Australian capital cities. We also continue to provide up to date security advice on our digital channels, as well as direct messages via our online banking platform where relevant.

Collaboration

We believe that better security for the community is best delivered through effective collaboration across the public and private sector. We actively participate in industry groups, both within our sector and more broadly, to share threat intelligence and observations about good practice. Globally, we are part of both the Financial Services Information Sharing and Analysis Centre and the Information Security Forum. In Australia,



ISSUES IN THE SPOTLIGHT

Online fraud

A major concern for customers when banking online is the potential for online fraud. Customers want to know that they can rely on their bank to protect and help them should this happen.

To ensure the safest possible online experience, we have dedicated security teams that actively monitor customer online banking activity for suspicious transactions.

In the unlikely event that a customer's account is compromised, provided the customer has complied with our Online Banking Terms and Conditions and contacts us promptly, we will replace any missing funds through our Fraud Money Back Guarantee.





Awards

- Westpac Live named **Best Digital Platform** at the 2018 Australian Business Banking Awards
- **Best Business Bank** for the fourth year in a row and **Best Cash Management Bank** for the fifth year at the Australian Business Banking Awards 2018
- BT Financial Group's first-to-market digital medical certificate 'e-Cert' awarded **Canstar's 2018 Innovation Excellence Award** for its potential to improve the life insurance claims process
- BT Panorama awarded **Best Technology Offering** at the 2018 Conexus Financial Superannuation Awards; rated first by advisors for **Mobile Functionality and Highest Rated Platform** in Investment Trends 2018 survey; and **Investment Platform of Choice** in the 2018 Self-managed Super Fund Adviser Awards

we are members of a number of information sharing partnerships, including the Sydney node of the Australian Cyber Security Centre (ACSC), part of the Australian Government, to support both their implementation work and future operations.



Privacy

Protecting and safeguarding the privacy of our customers' personal information is important in building and maintaining the trust they put in us. We recognise that we are a steward of customers' data and we continue to design products and processes to promote a culture that respects our customers' privacy.

Our Group Privacy Office provides guidance on our current data privacy obligations under applicable Privacy Laws and Regulations.

To ensure employees understand their role in protecting customers' privacy, our Group-wide *Doing the Right Thing* training includes a module on the Australian Privacy Act. We also have specific training for employees whose role requires an understanding of the EU General Data Protection Regulation (GDPR).

With the Mandatory Data Breach Notification (MDBN) scheme now in effect, this year we continued to enhance our data breach management procedures and strengthened our privacy management framework to protect customer data and minimise the impact on affected individuals and the wider community.

Advancing digital innovation

As well as our in-house initiatives, we play an active role in investing and partnering with many different types of organisations, as well as in supporting a range of initiatives to help build digital and Science, Technology, Engineering and Maths (STEM) skills for the future.

Strategic investments

This year we made direct investments in Open Agent, a digital platform to help property vendors find and compare real estate agents, as well as Discovery Ag, which uses the Internet of Things (IoT) technology to simplify the complexities of resources such as water management for farmers. These investments build on our invest-to-partner approach, and follow our direct investments in Assembly Payments, Zip, Lantern Pay, Surgical Partners, Quintessence Labs and the digital mortgage broking platform, Uno.

We continue to support the Australian fintech ecosystem as a founding partner of Stone & Chalk, a fintech innovation hub in Sydney and Melbourne. We have also commenced building Westpac co-labs in Sydney and Singapore, which will enable us, together with our fintech partners, to co-develop capability for our customers.

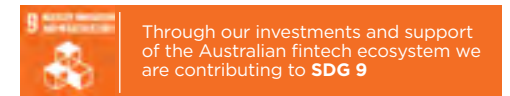
In December, we launched FUELD, Australia's first data-focused accelerator program in partnership with Stone & Chalk, Data Republic, Amazon Web Services and Reinventure. The FUELD accelerator program supported eight early-stage data companies by connecting them to powerful data-sets on Data Republic's data-sharing platform, to help them develop their ideas to solve customer and business problems across a range of industries.

Venture capital fund

Reinventure, an Early Stage Venture Capital Limited Partnership in which Westpac is the major investor, has made investments in 23 fintech start-ups using technology to rethink aspects of customer service.

In May, we announced our commitment to a third Reinventure fund that will explore blockchain technology and opportunities in the Asian fintech market. Our additional \$50 million investment in the third fund takes our total Reinventure commitment to \$150 million.

This year, Reinventure's investments have included BrickX, a platform that supports fractional ownership in residential property, as well as CodeLingo, Everproof, Kasada, Akin and Slyph.



Building tech talent

This year we published our *STEM Commitment* which highlights Westpac's initiatives, programs and commitments around four priority STEM areas:


- **Investing in and inspiring the next generation** – helping the next generation of Australians prepare for the future workplace in a world where disruption is the norm
- **Talent incubation** – helping create a future-ready workforce to support Australia's ability to succeed in the long term

- **Championing change** – changing the conversation about STEM
- **Fostering innovation** – embracing, incubating and celebrating disruptive technologies, entrepreneurs, thinkers and ideas.

Our *STEM Commitment* outlines new initiatives and builds on some of our many well-established initiatives. This includes Westpac Bicentennial Foundation providing more than 300 higher educational scholarships, and Westpac partnering with Mathspace to provide free maths education, sponsoring Code Camp, who provide coding classes for children, and continuing our Westpac STEM Girls Work Experience, PhD STEM and Tech Graduate programs.

We continue to run Westpac Innovation and Research Collaborations, including the annual *Innovation Challenge*, and have partnered for the third year with Vogue Australia to present *Vogue Codes*, a series of events aimed to make careers in STEM more fashionable.

This year, we have also partnered with *IT News* to create the *Future Ready* podcast series, which features opinions and insights from industry experts and technologists on the big tech trends and what they mean for the future of Australian business and society. The podcasts are available on iTunes and other popular platforms.



Our STEM Commitment to encourage more women and girls to choose a career in technology contributes to **SDG 8**



ADDRESSING THE TECH TALENT VACUUM

With only 16 per cent of STEM qualified people being women, we need to do more to encourage women and girls to choose a career in technology.

In July, we partnered with the Australian Business Community Network to launch a pilot technology work experience program for girls.

One of 20 initiatives outlined in our new *STEM Commitment*, the program will see 100 high school girls participate in work

Image courtesy: Adam Hollingworth

experience in our technology division with the aim of breaking down stereotypes and inspiring new career possibilities.

According to Niyati Desai, a year 12 student at Baulkham Hills High School who was involved in the pilot, while initially the experience was intimidating, it helped confirm her desire for a career in tech:

“There’s this stigma around how technologists just sit at a computer and code all day, which is not the kind of thing I can imagine myself doing – but it’s not like that at all!”

1. [Westpac Wire: STEM pledge to address tech talent vacuum](#)

HELPING OUR CUSTOMERS

Foiled email hack saves customers \$32,000

While building their dream holiday home in the NSW Southern Highlands, Susan and Rick Cusumano were targets of a sophisticated hack involving their builder's email account. Westpac's proactive intervention saved the Cusumano's from losing \$32,000.

For 33 years, Westpac has supported Susan and Rick Cusumano with all their financial needs, including for their business, V&V Landscapers.

"Running a busy company, service is everything. It's what we measure ourselves on and it's what we expect from others," says Susan.

"It's important that Westpac knows and understands us. Our relationship manager, Stella, is across all aspects of our finances – from our business arrangements to our personal insurances and I can pick up the phone anytime to talk to her. That means a lot."

Building towards the dream

Susan and Rick have put in the hard yards and in the near future plan to step back from the day-to-day running of the business and transition towards retirement.

A small farm in the Southern Highlands is a big part of their retirement plan. However,

while their new home was being built, the couple were victims of an email hack.

"I received an email from someone I thought was our builder, advising of an account change and an invoice for our next instalment of close to \$32,000."

Over the next few days Susan received three reminder emails.

"So I did what I was being asked to do and went online to update the account details and transfer the funds."

That's when Westpac's digital fraud team saw a red flag.

We've got your back

Jason Ford is part of Westpac's digital fraud operations team. Together with his colleagues, Jason helps protect customers from fraud and hacks, like the type Susan and Rick experienced.

An anomaly with the account details for Susan's builder was picked up by Westpac's fraud detection system. The team was alerted and within minutes of making the payment, Susan was contacted and instructed to verify the request with her builder.

As a precaution, the payment was halted and the funds reversed to Susan's account. Susan phoned back later with the news that her builder hadn't sent the emails.

"Helping to protect customers from fraud and hacks, in the way we did with Susan, is extremely satisfying," says Jason. "My message is that you really can't be too careful."

"I was just so relieved that Westpac stepped in when they did," says Susan.

"It's another dimension to the service. It's a feeling that they're really looking out for us. It's nice to know that Westpac is more than our bank, they've got our back," says Susan.



Susan Cusumano with Jason Ford from Westpac's digital fraud operations team.

Workforce of the future

Building a future-ready workforce with a culture focused on service and doing the right thing.

Why is this important?

The banking industry is going through a period of rapid change, which presents both opportunities and challenges as to how we manage our workforce.

Technological disruption, changes in the labour supply, competition for new skills and capabilities and evolving operating models, combined with heightened customer and community expectations, are changing the way organisations operate now and into the future.

Routine tasks are increasingly being automated and, with greater application of robotics and artificial intelligence, skills in demand will continue to shift towards areas where humans excel. Roles that will emerge are those that involve empathy, relationship building and creativity, especially in more complex situations, as well as in Science, Technology, Engineering and Mathematics (STEM).

Building a culture of lifelong learning, providing opportunities to build skills for the future, and creating an inclusive workplace that supports the wellbeing of its people is essential to creating a sustainable, future-ready organisation, reflective of the broader community that it serves.

How are we responding?

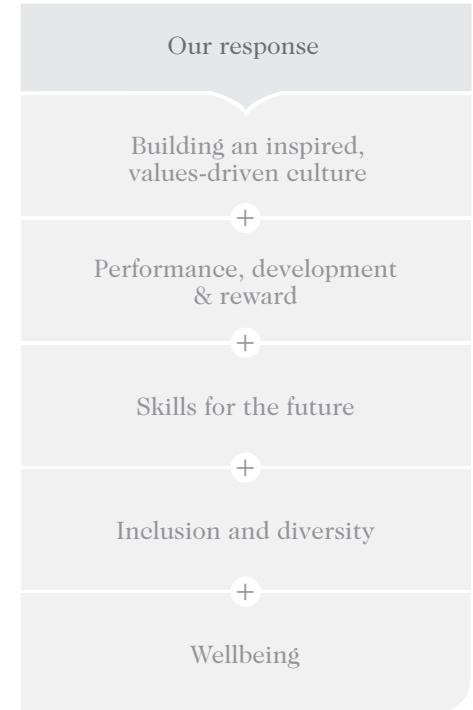
Through our Workforce Revolution strategy, we are working to build a future-ready workforce with a culture focused on service and doing the right thing.

Building an inspired, values driven culture

As Australia's first company and first bank, we have been supporting customers for over 200 years. Over this time we have built a strong culture of service with countless examples of our people demonstrating their commitment to helping customers, and each other, every day.

In [Service leadership](#) and [Governance, conduct and trust](#) we cover initiatives to embed our service culture and standards of behaviour across the organisation.

To ensure we are hiring people who are a good fit for our service culture, we have enhanced our *Recruit for Culture Fit* tools, introduced a new background checking process and policy, and delivered a new digital on-boarding process to improve the experience for our new starters.



Delivering against the UN sustainable development goals (SDGs)



Achieve gender equality and empower all women and girls



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Our Workforce Revolution strategy

- Create an inspired, values driven culture that is dedicated to service
- Create a talent factory that creates and sustains the most skilled workforce
- Sustain the most productive and engaged workforce in the industry
- HR practices that support a great service business

This year we completed our move to *Motivate* – our new approach to performance, development and reward. Employees and people leaders now have more frequent, higher quality conversations, focused on coaching and development. These conversations place a greater emphasis on assessing behaviours as well as performance, helping to build a culture of service across the organisation.

Additional information, including our increased focus on conduct and changes to remuneration practices are covered in [Governance, conduct and trust](#).

Investing in skills for the future

To develop the current and future capabilities of our people, we continued to add more content and features to LearningBank – our self-directed social learning platform – with over 100,000 completions of more than 4,000 courses over the year.

We have also launched a number of additional learning and development services and offerings for our people as part of our focus on the future of work. The intent is to provide opportunities for employees to develop their 'skills for life'. This includes piloting a skills mapping tool to help people understand their transferable skills and how they align to the skills of the future, a future focused curriculum aligned to key skills of the future, and recognition in the form of micro-credentials.

This year, we continued to strengthen the capabilities of our leaders with over 850 leaders graduating from the AGSM accredited Certificate of Executive Leadership and 350 new leaders completing the Foundational Leadership Program. We also introduced a Young Leader Program to develop and support high-potential emerging leaders.

Over 1,500 bankers have attended Business Institute courses in areas such as customer conversations and lending to meet the needs of our customers. Our new lending curriculum sets an industry standard for the skills of our bankers through higher standards of lending expertise with external certification through our partnership with Macquarie University.

With an estimated 75% of new Australian jobs requiring STEM skills¹, we have a number of initiatives in place as part of our *STEM Commitment*. This is covered in more detail in [Digital innovation](#).

We have also continued our transition to an agile workplace in Sydney, Perth, Melbourne and Brisbane, providing greater choice and flexibility in how our people work for different types of activity.

1. Deloitte Access Economics: [Australia's STEM workforce – a survey of employers](#)



Our approach to inclusion

- Best talent for innovation and service
- Inclusive place to work
- Helping our customers and communities

Inclusion and diversity

Our 2018-2020 Inclusion and Diversity strategy focuses on inclusion, embracing the many different views and experiences our people bring to the organisation. This helps foster innovation, supports our people in bringing their whole self to work every day and helps us deliver better service experiences for our customers.

Best talent for innovation and service

Last year we were proud to reach the milestone of 50% women in leadership roles², which was a culmination of various successful initiatives and interventions over a number of years. This includes tailored development programs such as *Women on the Move* and *Making Your Mark*, and continued recruitment of female talent with transferrable skills from non-financial industries through our *Equilibrium* program. We recognise our Women of Influence through the CEO awards program, and our CEO continues to be a Pay Equity Ambassador. We were named an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency for the 8th consecutive year, and since 1 October achieved our women in leadership target of 30% for the Westpac Group Board.



Creating opportunities to empower women at all levels in the workplace contributes to **SDG 5**

To deliver great customer service, our workforce needs to reflect the diversity of the communities in which we serve. In our engagement survey in 2017, almost 30% of our people identified as being affiliated with a non-Anglo-Celtic cultural heritage, and we are committed to ensuring greater cultural diversity at our senior leadership levels.

This year we were invited to participate in a pilot fellowship program in conjunction with The University of Sydney and the Race Discrimination Commissioner at the Australian Human Rights Commission, to enhance participants' strategic awareness of cultural diversity and leadership, and build a network for leadership on cultural diversity. Insights from the program have been incorporated into initiatives run by our Cultural Diversity Leadership network.

For more information on our commitments to creating employment opportunities for under-represented groups including Aboriginal and Torres Strait Islander Australians, refugees and people seeking asylum, see [Positive societal impact](#).

Inclusive place to work

To foster an inclusive leadership culture that drives innovation and productivity, we encourage all our people leaders to complete *ILEAD*. The *ILEAD@Westpac* suite of learning packages supports our people and leaders to build on their inclusion and leadership skills.

We believe that everyone in our organisation has a role to play in creating an inclusive culture where all our people feel comfortable and empowered to bring their whole self to work. To drive focus and promote greater



Employee Action Groups

- The Youth Network
- Cultural Diversity Leadership
- Women of Westpac
- ABLE, advocating for customers and employees with disability or accessibility requirements
- GLOBAL, LGBTIQ
- Amplify, employees aged 50 and over
- Brothers & Sisters, a community of Indigenous and non-Indigenous employees
- Domestic & Family Violence
- Veterans

2. Proportion of women (permanent and maximum term) in leadership roles across the Group. It includes the CEO, Group Executives, General Managers, senior leaders with significant influence on business outcomes (direct reports to General Managers and their direct reports), large (3+) team people leaders three levels below General Manager, and Bank and Assistant Bank Managers.



Awards

Recognised at the **Prime Minister's Veterans' Employment Awards**:

- **Veteran Employee of the Year – Rachel Ranton**, Westpac Inclusion & Diversity Program Manager
- Excellence in **Supporting Spouse Employment**

awareness at corporate, community and individual levels, we have nine Employee Action Groups (EAGs) with over 10,000 volunteers.

We continue to deliver to our 2017-2020 Accessibility Action Plan (AAP), with initiatives including creating more career pathways for people with a disability to work with us, deepening accessibility knowledge across our organisation through our ABLE EAG, piloting new services for customers using AUSLAN, and improving access to disability confidence training.

We continue to support the Australian Network on Disability's *Stepping Into* program, providing 22 internships for university students with disability to gain work experience.

In 2017, we became the first Australian and 35th global organisation to sign the United Nations LGBTI Standards of Conduct. As a signatory, we are committed to protecting the rights of LGBTI employees, customers,

suppliers and members of the public to stamp out and speak up against discrimination in the markets in which we operate. In 2018, we became one of only six employers to attain the highest Platinum status in the Australian Workplace Equality Index for LGBTI inclusion. Our LGBTIQ network, GLOBAL, played a major role in supporting our employees during the Marriage Equality plebiscite last year.

Supporting the Prime Minister's Veterans' Employment Program, we participate on the Industry Advisory Group and the Australian Veterans Employment Coalition. Through our Veterans EAG, we deliver a range of initiatives designed to help us become an employer of choice for veterans and partners of current serving Defence members, this year hiring 40 former Australian Defence Force members and spouses. To further raise awareness of veteran employment challenges, we were proud to be a premier partner of the Invictus Games Sydney 2018.

We further developed our mature age and youth strategies, through participation in programs tailored to future planning and an intergenerational mentoring program focused on reverse mentoring.

Our annual Youth Network Summits provide significant networking and development opportunities for youth across the group.

Our *Envisage* program helps participants aged 50 plus to plan and achieve their future goals. The Amplify EAG recently conducted a series of focus groups to explore ways to better support our most experienced people. We will continue to evolve our support for our late career workforce and are committed to being an employer of choice.

Workplace flexibility is a key enabler of inclusion with approximately 74% of our employees accessing flexible working arrangements such as working from home and job sharing in our 2017 engagement survey.



VALUING A NEURODIVERSE WORKFORCE

Westpac *Tailored Talent* intern Todd Cefai had lost count of the number of job interviews he'd been to since leaving university.

The 24 year-old studied biology and genetics at the University of NSW and is a self-taught data analyst. But like many people on the autism spectrum, he'd been unable to secure a full-time job.

"I've had up to 50 interviews, even got to second stage with some, but in none of them got all the way. Getting the foot in the door is the difficult part," says Todd.

Developed in partnership with global experts in neurodiverse hiring, Specialisterne, *Tailored Talent* is a customised recruitment program to remove some of the traditional barriers to work for people on the autism spectrum. Rather than the traditional interview process, candidates are assessed over three weeks through a series of on-site workshops and practical work experiences.

Todd was one of eight interns to participate in the first intake this year.³

By removing barriers in the workplace for people on the autism spectrum we contribute to **SDG 8**

3. [Westpac Wire: On the spectrum - neuro-diversity brings edge](#)

Image courtesy: Emma Foster

DOMESTIC AND FAMILY VIOLENCE

Sometimes our people face violence and abuse in their personal life, and we aim to provide a safe and supportive working environment in which employees can come forward for help and support.

Since introducing our domestic and family violence support policy in 2013, we offer a range of support services including 10 days of leave, emergency accommodation, flexible work arrangements and work re-assignment as required, specialist counselling through our Employee Assistance Program, access to free financial planning from a BT Financial Planner and \$5,000 grants through the Employee Assistance Foundation.

By continuing to raise awareness and encouraging open dialogue, we have seen an increase in employees seeking help. This year:

- 53 employees have utilised our domestic and family violence leave
- 89 employees have sought support for domestic and family violence
- 44 employees have been provided counselling support through our Employee Assistance Program.

For information on initiatives to support customers impacted by domestic and family violence, see [Service Leadership](#).

Encouraging wellbeing

Our approach to the wellbeing of our people spans across the areas of family and community, finances, health, values, and work.

To progress the wellbeing agenda across the organisation, we have a range of programs including wellbeing plans by division, self-paced mental health and wellbeing training via LearningBank, as well as sponsorship and promotion of wellbeing initiatives throughout the year including Men's Health Week, RUOK? Day, Mental Health Week, Women's Health Week and White Ribbon Day.

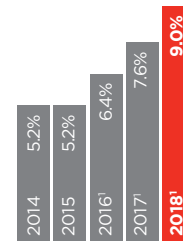
Developing people leader capabilities remains a priority to embed a culture of care across the business. Leaders are encouraged to discuss wellbeing as part of monthly check-in conversations and include wellbeing as part of development goals.

To support our employees in managing their wellbeing, the BT Financial Group My Wellbeing portal was rolled out to all employees. The portal takes a holistic approach and provides education, tools and challenges on different aspects of wellbeing – physical health, mental health, working life, connections with family and community, and financial health. With poor financial health a leading cause of stress, BT Financial Group partnered with Health Logix to develop the portal to help people understand the crucial link between their financial wellbeing and other aspects of their health. Since launch, more than 5,000 employees have signed up to the portal, with more than 3,500 participating in an eight week wellbeing team step challenge.

Physical health initiatives include flu vaccinations, skin checks, physical health checks and a step challenge.

To support employees experiencing financial hardship, we have introduced Employee Assist, a confidential service provided by a team of dedicated specialists within the Customer Assist team. This complements our Employee Assistance Program (EAP) through which employees and their families can access free and confidential counselling and coaching services. These services have been refreshed to provide consistency across our global locations and we have introduced new features such as online chat. Utilisation of our EAP continues to increase from 7.6% in 2017 to 9.0% of our people using the service this year. We view this as a positive trend as we create a culture where people feel safe to seek help.

EMPLOYEES USING THE EMPLOYEE ASSISTANCE PROGRAM (%)



1. Increase reflects expansion of services including nutrition and domestic and family violence support.



Awards

- Awarded **Employer of Choice for Gender Equality** by the Workplace Gender Equality Agency for the 8th consecutive year
- Included in the **Bloomberg Gender Equality Index** for the 2nd year
- Shortlisted in the **Top 10 Australian Network on Disability's Inaugural Access & Inclusion Index** and named #1 bank and #3 overall for our accessibility programs
- Awarded **Platinum status in the Australian Workplace Equality Index for LGBTI Inclusion**, one of six companies to receive this status in Australia
- Recognised as one of the **Top Five Employers in Australia** by LinkedIn
- Recognised as Australia's most popular Financial Services graduate program in the **Australian Financial Review's Top 100 Graduate Employers 2018**
- Awarded first **DVFFREE Tick by Shine**, a leading New Zealand domestic violence specialist organisation
- Achieved the **New Zealand 'Rainbow Tick'** accreditation for LGBT inclusion

EMPLOYEE STORY

Designing for the digital future

Sujatha Natarajan joined Westpac eight years ago as a Technology Graduate. Today she is a Senior Product Development Manager working on one of the largest transformation projects in Westpac history – building our new Customer Service Hub.

“What I've come to know is that if you start with the customer first, even seemingly impossible problems become easier to solve,” says Sujatha.

“What's exciting is that we're completely transforming the home buying experience for our customers and bankers.”

Sujatha is part of a team including developers, designers, testers and architects working on the new Customer Service Hub. Having completed her degree in Business Information Technology, she started her career as a business analyst.

“I quickly discovered that there's a big difference between technical skills and the skills needed to work on a large project team and get things done – skills like problem solving, creativity, navigating conflicting priorities and working with lots of different

stakeholders. What I love most about my job is solving problems and using my creativity, skills that I think will continue to be very relevant.”

“One of the great things about working at Westpac is the variety of people and projects you get exposure to and the opportunity to grow both personally and professionally.”

Sujatha has recently undertaken the *Making My Mark* development program for female leaders aimed at empowering women to realise their career potential. She has also completed a six week Jawun professional development secondment at the NPY Women's Council in Alice Springs, working with their staff to improve the travel and accommodation booking system for travelling to remote communities.

“Jawun was an incredible experience. I had the opportunity to meet and work with the most inspiring people, and came away with a new found understanding of the social issues faced by Indigenous Australians as well as a much greater appreciation of their culture.”

Sujatha is also part of the Westpac Youth Network and is currently participating in their *Future Me* professional development program.

What's next? “I love working in the digital space. There's so much opportunity to keep challenging ourselves on how we can use new technologies to create great experiences for our customers.”



Sujatha Natarajan, part of the team working on our Customer Service Hub.

Positive societal impact

Helping to create a prosperous nation for the benefit of all.

Delivering against the UN sustainable development goals (SDGs)



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Reduce inequality within and among countries



Make cities and human settlements inclusive, safe, resilient and sustainable



Take urgent action to combat climate change and its impact



Strengthen the means of implementation and revitalise the global partnership for sustainable development

Why is this important?

As one of Australia's largest companies, we believe we have a strong role to play in helping to create positive social, economic and environmental impact for the benefit of all.

Now is a time of great change, for our customers, our communities and our employees. New technologies and climate change have wide implications on economies, housing, business models, energy sources and jobs. For some people this presents tremendous opportunity, for others it is a source of anxiety – for themselves, for their family, and for future generations.

Globally, the United Nations Sustainable Development Goals (SDGs) continue to gain momentum as a blueprint for dignity, peace and prosperity for people and the planet. According to [The Sustainable Development Goals Report 2018](#), three years in, there is progress in many areas, however in some areas progress is insufficient to meet the agenda's goals and targets by 2030. This is especially true for the most disadvantaged and marginalised groups, with conflict, climate change and growing inequalities adding additional challenges.

In Australia, while GDP has grown above market expectations in the year to 30 June 2018, people's incomes are not reflective of the overall strength of the economy¹.

Helping people make better financial decisions is a key pillar of our 2020 Sustainability Strategy, and we believe will lead to a fairer, more inclusive and confident society. At the launch of the [National Financial Capability Strategy 2018](#), figures cited indicated that a significant number of Australians struggle to manage their money, with more than 1 in 3 people finding dealing with money stressful and overwhelming².

We believe in backing innovation as a way to create positive social, economic and environmental impact and make a meaningful difference in people's lives. One way we can do this is through backing people, businesses and ideas that have the potential to solve some of the biggest issues impacting the nation's future. In this chapter we explore some of the ways we do this.



1. Westpac chief economist Bill Evans writing in Westpac Wire: BILL'S BITES: The boom in a bind
 2. Financial Capability: National Financial Capability Strategy 2018

How are we responding?

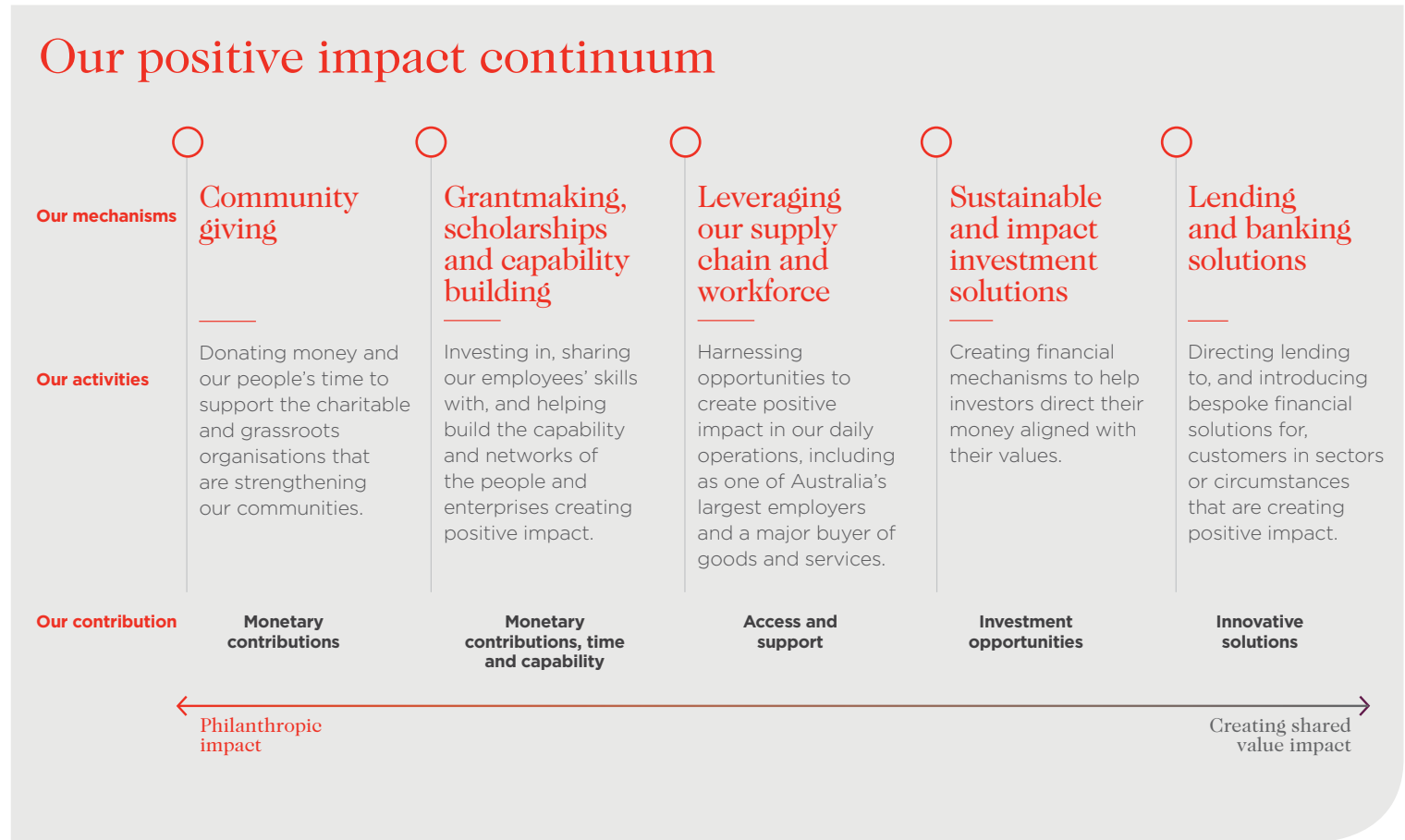
We are guided by our positive impact continuum, which ranges from monetary contributions and community volunteering, through to creating sustainable investment solutions and lending to sectors and projects creating positive impact.

Partnering to promote impact

Goal 17 of the SDGs recognises the need to partner and collaborate to create sustainable development. We remain committed to advancing the SDGs and have embraced Goal 17 through our engagement with a wide range of stakeholders across industry, government, academia and civil society to drive change and promote positive impact.

An example of this is our involvement as one of the 28 banks from around the world working as part of the UNEP FI's work to develop Principles for Responsible Banking (PRB). In September, our Singapore team hosted a workshop with the core PRB banking members to refine and finalise the draft Principles in advance of the launch planned for the end of the year. More information can be found in [Issues that matter - overview](#).

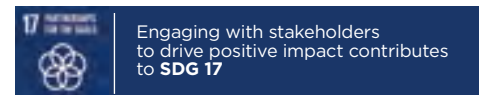
In the area of sustainable finance, we continue to explore new and innovative solutions and advocate publicly our support for the transition to a low carbon economy and our role in facilitating this. In particular, our Westpac Institutional Bank Chief Executive, Lyn Cobley, and other senior leaders have participated in industry forums including KangaNews Debt Summit, KangaNews Debt & Capital Markets Summit, the inaugural Asia-Pacific Forum on Sustainable Development in Thailand, the Committee for Economic Development of Australia (CEDA) State of the



State and a CEDA NSW Energy Series event this year.

BT Financial Group continues to advocate its support for sustainable investment, including through participation at Investor Group on Climate Change (IGCC) and Responsible Investment Association of Australia (RIAA) events this year.

More information on our engagement around human rights, climate change and natural disasters can be found in [Value chain risk](#).




Lending and banking solutions

Clean energy

Last year we published our Climate Change Position Statement and 2020 Action plan, which outlined a series of commitments to support the transition to a low carbon economy. During 2018, we have continued to increase our lending to climate change solutions, taking total committed exposure to more than \$9 billion, progressing towards our target of \$10 billion by 2020 and \$25 billion by 2030.

Through our continued support for a low carbon energy system we have now become Australia's largest financier in the renewable energy sector, with renewables now representing over 70% of our lending to the electricity generation sector, and nearly a third of our total lending to climate change solutions.

In New Zealand, we have lent NZD \$1.6 billion to green buildings, green waste management, public transport and renewable energy and have a commitment to increase lending to \$2 billion by 2020.



Our support for low carbon energy solutions contributes to **SDG 13**

Environment

Our partnership with the Tasmanian Government and Aurora Energy continued as we delivered on the second year of the Tasmanian Energy Efficiency Loans Scheme (TEELS) through which we provide low-rate loans for individuals and Tasmanian small businesses to purchase energy efficient



TASMANIA'S WIND POWER CAPACITY TO INCREASE BY A THIRD

Granville Harbour Wind Farm in Tasmania is one of the state's most significant renewable energy investments to date, with the 112MW wind farm set to deliver a one third increase to the state's wind power capacity.

Granville Harbour is expected to generate in excess of 360 gigawatt hours of energy and renewable energy certificates per year and will power more than 46,000 homes, creating about 200 regional employment opportunities during construction. It will also deliver ongoing benefits through community investment funds and associated improvements in local infrastructure.

Westpac is providing a third of the debt funding to support Palisade Investment Partners, who are funding the project through equity commitments from clients including the Palisade Renewable Energy Fund, and the Clean Energy Finance Corporation (CEFC). The CEFC are responsible for investing in clean energy projects on behalf of the Australian Government. Vestas has been appointed as contractor responsible for the engineering, procurement and construction works, along with the ongoing operations and maintenance services to the project.

The project is backed by a long term Power Purchase Agreement for the wind farm's output with Hydro Tasmania.

products. This year, we extended the use of a low-rate credit card for expenses up to \$10,000 for another 12 months, with an additional \$20 million committed by Westpac. The scheme continues to be highly successful, with over 6,000 applications accepted at present, an approval rate at 75% and \$23 million in approvals to Tasmanian residents and small businesses to date. With low demand for a larger \$40,000 Equipment Finance product for business applicants under TEELS, this is now no longer offered.

We also continue to take action to reduce the direct environmental footprint of our operations to minimise our impacts – see [Value chain risk](#).

Social and affordable housing

Over the year, we have continued to undertake research and engage with a wide range of stakeholders including policy makers, academics, think tanks and social housing leaders on the issue of housing affordability. We have looked at the problem more widely, and have started to explore how we can help more Australians feel secure about housing, given that housing models are changing. While we've long supported Community Housing Providers (CHPs) that deliver social and affordable housing solutions for Australians on low incomes or who are in vulnerable circumstances, funding mechanisms are changing, with government potentially taking a bigger role.

In light of this, we are reassessing our ability to achieve our target to fund \$2.5 billion in social and affordable housing solutions by 2020.

Instead, we're exploring support for emerging, innovative housing solutions, such as build-to-rent, as well as emerging government support initiatives such as the National Housing Finance and Investment Corporation, aimed at improving investment in affordable housing through loans, investments and grants. We're also backing our own employee Stephen Woodlands to establish a charity, Head Start Homes, to help people move out of social housing and into their own home, thereby creating more social housing availability for those who are experiencing homelessness.

In New Zealand, we announced a pilot scheme to make it easier to obtain finance to build a prefabricated home. A three month trial will involve financing the construction of a limited number of homes and, if successful, the model will then be rolled out nationwide. We also signed a housing shared-equity agreement with Ngā Pōtiki a Tamapāhore Trust that will help Ngā Pōtiki families into home ownership. Through the shared equity arrangement, Ngā Pōtiki contributes equity as a co-owner and Westpac provides lending to hapū members. The homeowners will be able to buy out Ngā Pōtiki once equity builds in their homes. The model is designed to remove the barrier of needing a large deposit upfront and provides lower ongoing loan servicing costs.

This year our lending to the social and affordable housing sector increased to \$1.36 billion, from \$1.32 billion in 2017.



Supporting social and affordable housing initiatives contributes to SDG 11

Financing impact investment solutions

During the year we continued to facilitate and issue climate bonds and other green debt instruments. To date, we have achieved strong progress of \$1.7 billion towards our target of \$3 billion by 2020.

In November 2017, we settled a EUR 500 million, seven year climate bond – our third climate bond – focusing on Europe's more mature socially responsible investment market. Proceeds from this bond have been used to fund renewable energy projects, low carbon commercial property and rail transport.

In a first for the major Australian banks, we issued a climate bond to Japanese retail investors in the Uridashi bond market. The AUD\$117.3 million, five year climate bond was issued via a quasi-public trade through lead manager SMBC Nikko.

Our climate bonds are used to raise funds to finance or refinance projects in renewable energy generation, green buildings and low carbon transport. Renewable energy projects financed in part by our climate bonds have the potential to generate 4.3 million megawatt hours (MWh) of clean energy and reduce annual greenhouse gas emissions (GHG) by 3,603,550 tCO₂e (tonne of carbon dioxide equivalents). Westpac's estimated share of this is 1,289,112 (tCO₂e). Buildings financed in part by Westpac Climate Bonds have, on average, 28% lower emissions intensity than the Climate Bond Initiative's benchmarks.

Investing in social outcomes

Through financing social benefit bonds, we are able to help address pressing social issues such as reducing homelessness, supporting education, employment and community connection. Social bonds are designed to secure attractive returns based on the agreed outcomes being achieved generating avoided costs for taxpayers over time.

Last year, we partnered with Social Outcomes to support Churches of Christ by raising \$5 million from private investors to contribute to the Youth CONNECT program in Queensland – a world-first social bond³ tackling homelessness of young people transitioning from statutory care to independence. Over the six and a half year period of this bond, the program is expected to engage 300 young people aged 15 to 25 years who have been in out-of-home care, and improve housing pathways to eligible young people in the surrounding areas of Townsville, Logan and Ipswich.

This year, the first social bond that we helped issue matured in Australia. Created in partnership with the Benevolent Society, the NSW Government and the Commonwealth Bank in 2013, the \$10 million bond has supported over 300 vulnerable families across NSW to avoid unnecessary removal of their children into foster care over the last five years. Over its life to 3 October 2018, the Benevolent Society's Intensive Family Support service achieved an 86% preservation rate of children remaining at home with parents for families referred to the program. This makes it among the strongest performing intensive family preservation services in the world⁴, positively impacting the life trajectory of the children.

3. Youth CONNECT: [Building Resilience to Homelessness in Young People](#)

4. The Benevolent Society: [The Benevolent Society's social benefit bond delivers exceptional results to families and investors](#)

Through Westpac, St.George and Bank of Melbourne Private Banks, we are running a program called GenNext to help future generations of our clients prepare for their financial future. The program is also intended to share insights on what's possible with their money and investments, including a focus on how they can make a real difference through social considerations such as philanthropic, environmental and impact investing.

Leveraging our supply chain and workforce

Through our supply chain we look to create opportunities for people traditionally under-represented in our community. In May 2016, we introduced our Australian Supplier Inclusion & Diversity Policy, which sets out our commitment to procure goods and services from businesses driven by a social or environmental mission or that support people traditionally financially excluded – this includes Indigenous owned businesses, businesses owned by women, Australian Disability Enterprises, B-corporations and social enterprises.

In the last year, we have spent \$17.7 million on sourcing goods and services from diverse suppliers, including \$3.8 million from Indigenous suppliers. In addition to financial spend, we also work with suppliers to build strong relationships that support greater understanding of our supply chain processes and create business development opportunities through partnering with other Westpac suppliers.

We also continue to look for ways to build awareness and adoption of sustainable and inclusive procurement practices across industry through our participation at various forums, including hosting Westpac's first Sustainable & Inclusive Sourcing Forum to encourage cross-sector collaboration and discuss best practices.

Employment opportunities

We continue our focus on meaningful careers for Indigenous employees as part of our 2018–2020 Reconciliation Action Plan (RAP) commitments. This year, 4.3% of new hires (or 140 of our new employees and program participants including trainees and interns) identified as Aboriginal or Torres Strait Islander.

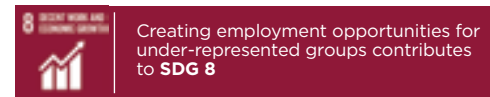
Through our Indigenous Careers Team we've delivered a broad range of initiatives across the Group exceeding RAP commitments around employment, retention, career development and leadership.

We created specialised networking and career development events, as well as holding career development conversations with our Indigenous employees, and supported 70 people to transition into new roles across the Group. A more robust recruitment framework led to higher numbers of Indigenous employees being placed into more diverse areas, such as Technology and Business Bank.

Over 60 Indigenous employees and program participants joined *Echo*, our Indigenous support and mentoring program, which focuses on increasing confidence, business networking and career development. An Indigenous leadership strategy has been developed that will pave the way for greater participation of Indigenous employees in leadership development programs and placements into leadership roles. The success of our Indigenous employment programs remained strong with 85 trainees and interns joining the Group.

Through our *Empowering Futures* program, we placed nine refugees and asylum seekers in 12-week internships. Six of these candidates had their internships extended to support further opportunities within the Group.

For more information on our approach to employment, see [Workforce of the future](#).



Westpac
Foundation
backed social
enterprises to
help create
513 jobs



Find out more about these social enterprises [creating jobs for vulnerable Australians](#).



TO READ MORE
See social enterprise, Soft Landing's story on page 47.

Grants, scholarships and capacity building

In our 2020 Sustainability Strategy, we committed to investing \$50 million by 2020 to back the people, organisations and ideas helping to shape the future of Australia.

Creating jobs

Through our partnership with Westpac Foundation, we are backing social enterprises with a proven model in creating jobs and employment pathways for individuals facing significant barriers to entering the mainstream job market.

With grants of \$300,000 over three years and access to business mentoring and other support to help them scale, the 10 social enterprises backed by Westpac Foundation are forecast to support more than 2,000 currently unemployed people into jobs and provide 2,000 people with access to formal qualifications or valuable work experience by 2020.

Westpac Scholars

Four years ago, Westpac Bicentennial Foundation started as an idea - to mark Westpac's 200th anniversary, a \$100 million gift to the nation to fund 100 scholarships a year, forever.

Since then, together with Australia's leading universities, Westpac Bicentennial Foundation has awarded 330 scholarships valued at over \$16 million to some of the brightest minds who have the drive and ideas to help shape a better future for all Australians.

The scholarships are focused on the three areas we believe are at the heart of Australia's future growth and prosperity - Technology and Innovation, Australia-Asia ties, and Positive Social Change.

MEET SOME OF THE WESTPAC SCHOLARS



Joseph Rowlands, University of New South Wales
First year PhD student Joseph is exploring the world of quantum computing under the guidance of renowned physicist and Australian of the Year, Michelle Simmons. Through his Westpac Future Leaders Scholarship, he will have the opportunity to spend time abroad to learn more about global advancements in this field.

Image courtesy: Flashpoint Labs



Joel Pilgrim, Founder of Waves of Wellness
Joel is helping people improve their mental health through surf therapy. Through his Westpac Social Change Fellowship, Joel has been able to broaden his network and connect with other social innovators from around the world to explore ways to improve his business model and ultimately expand his reach to help more people in need.



Riva Mendoza, Queensland University of Technology
Riva is studying a Bachelor of Mathematics and Information Technology, with the help of a Westpac Young Technologists Scholarship. Through the Westpac 100 Scholars Network, she met fellow Scholar, Julian O'Shea, founder of Unbound, an organisation that provides practical learning programs for university students that focus on sustainability, entrepreneurship and social impact design. Riva recently travelled to Nepal with Unbound to learn more about human-centred design in complex communities.

100 scholarships a year. **Forever.**



Learn more about the work of the [Westpac Scholars](#)

Supporting local community organisations

Our approach to community giving is guided by our social impact framework, which brings our company's vision to life and focuses our efforts where we are best placed to make a difference.

This year, Westpac Foundation again awarded \$2 million in Community Grants to support 200 local not-for-profit organisations such as Orange Sky Laundry and batyr Australia. Through the projects funded, it is estimated that the grants will touch the lives of approximately 30,000 Australians around the country.

Businesses of Tomorrow

Building on the success of the inaugural 2017 Businesses of Tomorrow program, this year we helped another 200 Australian businesses shaping Australia's economic future. Of the 200, the top 20 businesses took part in a two week study tour to Silicon Valley and a tailored \$50,000 professional services package. The top 20 also took part in a mentor matching program with notable Australian business leaders.

Capability building

Through Westpac's Davidson Institute we provide access to free financial literacy education. In 2018, we delivered financial literacy training to more than 5,600 people via face to face workshops and online webinars, with videos and other materials available on the Davidson Institute website.

This year we implemented the first intake of the *Train the Trainer* program with 32 bankers across Australia now accredited to deliver financial education to Indigenous community

groups. We also work with business customers in offering financial capability programs for their Indigenous employees, such as the *Financial First Steps* program. This year we delivered workshops to 5,604 people on topics from goal setting and budgeting to tax and super basics.

A milestone this year was becoming the first corporate to place its 850th Jawun secondee. The Jawun program places people for 6-12 week secondments to volunteer their skills with an Indigenous community organisation to build organisational capacity, while developing their own professional skills and understanding of Indigenous culture.

This year, three Westpac female leaders participated in Jawun's *Stories of Female Leadership* development program. Last year, Andrea Mason, a Ngaanyatjarra/Kronie woman and the CEO of the Ngaanyatjarra Pitjantjatjara Yankunytjatjara (NPY) Lands Women's Council joined Westpac on a reverse secondment through Jawun's *Indigenous Corporate Leadership Program*. This year, Nolan Hunter, a Bardi man and CEO of Kimberley Land Council has joined us on secondment with the Indigenous Business Banking team. Read about Andrea's experience on [Westpac Wire](#).

We also continued our commitment to raising financial capability in the Pacific, particularly for women, through 200 *Financial First Steps* and *Business Basics* workshops in Fiji and PNG.

We have many employees passionate about helping in their community and in the causes most important to them. Last year, employees participating in our volunteering programs to share their time and skills grew to 16%. 87% of



GIVING A VOICE TO THE ELEPHANT IN THE ROOM

2018 Westpac Foundation Community Grant recipient, batyr Australia, is a preventative mental health organisation working to 'smash the stigma' surrounding mental health and empower young people to reach out for support.

Head of Partnerships for batyr, Jono Peatfield said, "This is the second year we've received a community grant from Westpac Foundation. We're thrilled as the grant will fund workshops to train and empower more young speakers to share their mental health story with other young people who may be going through something similar."

"This model of sharing stories amongst peers has proven impact - 74% of students who participated last year said they felt more likely to seek help if they needed it as a result of the program, and 92% felt it was important to share and hear real stories about mental health from other

young people. With the help of the Westpac Foundation Community Grant, each new batyr speaker we train has the potential to reach over 1,000 additional young people."

Westpac Foundation CEO, Susan Bannigan said, "What I think makes the Westpac Foundation program so special is that as well as funding projects, we match every grant recipient with a passionate Westpac employee to act as an ambassador, with the potential to form a much closer and deeper relationship."

A great example of this is Nick Lillywhite in the Westpac Group Technology team.

"Nick has been a valuable volunteer for batyr for many years and has encouraged many of his colleagues to volunteer their time and skills with us as well. This ability to tap into and connect with more passionate supporters for our cause is tremendously valuable to us," continued Jono.



not-for-profits shared that they had gained or built new capabilities or skills as a result of employees volunteering with them.

10 Supporting capacity building of refugees and asylum seekers and Indigenous communities contributes to **SDG 10**

4 Providing free financial literacy education through Westpac's Davidson Institute contributes to **SDG 4**

Community giving

This year marks the 20th anniversary of our Matching Gifts program, which matches employee donations to eligible Australian charities dollar for dollar. This year, collectively just over \$6 million was donated to more than 650 charities through Matching Gifts.

In addition to matched giving, our Westpac Family of Giving provided a further \$5.6 million to community organisations. This includes 240 grants through Westpac Foundation, 30 through St.George Foundation, 17 through BankSA Foundation and 5 as part of Bank of Melbourne's Neighbourhood Fund.

Partnering to support communities

We have shared a banking relationship with Mission Australia that dates back to the 1800s. In recent years we have formed a community partnership to explore ways to leverage Westpac's core capabilities, employee expertise and thought leadership. Since 2010, we've provided financial support to help address homelessness, including funding for the *Missionbeat* program, a service to help people find safe and affordable housing between 2014 and 2017. In addition, a number of our employees support the organisation through fundraising activities including the annual trivia night hosted by our Institutional Bank.

Our 100+ year partnership with the Salvation Army also continues to grow through our annual support for activities such as the Red Shield and Christmas appeals where we have provided branch and banking services, cash handling support and employee volunteering opportunities. We also continue to support the Salvation Army to deliver the *You're The Boss* program which helps people experiencing financial challenges to better manage their money and debt. Throughout 2018, literacy sessions have been delivered to over 850 people through 116 sessions across metropolitan, regional and remote locations in Australia.

This year, we extended our partnership with Many Rivers Microfinance for another three years to provide microfinance loans to aspiring business owners as a pathway to employment, financial security and personal and family stability. In 2018, 275 businesses have been expanded or established, and since the commencement of the program 1,716 people have been employed with 612 identifying as Indigenous.

We have also partnered with Thrive to help refugees and asylum seekers who are starting their own small business in Australia, providing a loan facility to enable the charity to provide microfinance support. In 2018, Thrive issued 111 loans totalling a value of \$2.03 million to support 123 jobs.

In New Zealand, we continued our support for the Middlemore Foundation's Mana-ā-Riki program, a pilot focused on improving health and educational outcomes in South Auckland. In the two and a half years since launch, the program has delivered almost 1,500 Chromebooks to six pilot schools, conducted over 7,500 throat swabs and treated close to 2,500 health cases.

\$6 million+
collectively
donated to
more than
650 charities
through
Matching Gifts



Awards

- Finalist in **Social Traders Social Procurement Leadership** award



Julie Shannon, Logistics Manager at Soft Landing.

SOCIAL ENTERPRISE

Soft Landing makes a big impact

“Helping people – that’s what I love about this place,” says Julie Shannon, Logistics Manager at Soft Landing, one of Australia’s largest mattress recyclers.

Working across six sites in four states, Soft Landing diverts around 350,000 mattresses each year from landfill, recovering the components for recycling. Yet this social enterprise has a broader underlying social purpose. Its workforce of 100 is largely made up of people who face barriers to getting a job, with a particular focus on people who have experienced long-term unemployment.

“We are a two-fold company,” says Julie, who has been with Soft Landing for eight years since the company’s beginnings. “There is the environmental aspect of the tonnes of waste we’re diverting from landfill, but for me, the greatest satisfaction is seeing the impact that having a job has on all aspects of a person’s life.”

It is this positive social impact and potential for growth that led Soft Landing to be named one of five social enterprises to receive a \$300,000 grant from Westpac Foundation in 2017. The grant is assisting Soft Landing to fund development in human resources and logistics as they continue to expand, with Soft Landing expecting to create up to 200 new jobs and 185 employment pathways for vulnerable Australians by 2021.

The grant is just one of the ways Westpac Foundation is partnering with Soft Landing to help the social enterprise expand its operations. Earlier this year, 12 employees from different teams across Westpac took part in our first Social Innovation CoLab. The volunteers were trained in customer centred design and innovation, before working for a four month period to address key business challenges facing Soft Landing.

Some of the CoLab team’s recommendations, particularly around logistics, have already been implemented and are starting to deliver efficiencies for Soft Landing. Others, such as the CoLab’s proposed model for incorporating the cost of collection and recycling processes into the lifecycle of the mattress will now be worked through with bedding industry manufacturers and retailers.

“We came away from the CoLab just buzzing,” says Julie. “Having access to the knowledge and skills shared has given us great ideas and an approach to move forward. It really opened my eyes.”

Soft Landing plans to create up to 200 new jobs and 185 employment pathways for vulnerable Australians by 2021

Value chain risk

Managing environmental, social and governance risks through the customers we finance, the companies we invest in, our supply chain and the supply chains of our customers.

Delivering against the UN sustainable development goals (SDGs)



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Ensure sustainable consumption and production patterns



Take urgent action to combat climate change and its impact



Strengthen the means of implementation and revitalise the global partnership for sustainable development

Why is this important?

A number of national and international developments have continued to influence the role the finance sector plays in responsible practices and achievement of the UN Sustainable Development Goals (SDGs).

Now, over a year since the Task Force on Climate-related Financial Disclosures (TCFD) launched, it has proved to be an effective mechanism to focus action and dialogue on climate change. The recommendations of the TCFD come at a time when high energy prices and falling capital costs are driving uptake of energy efficient and renewable energy technologies at ever faster rates.

We were one of 237 companies with a combined market capitalisation of over USD6.3 trillion to publicly commit to support the TCFD in November 2017. This number has since grown to 315 organisations. BT Financial Group has joined 289 investors with nearly USD30 trillion assets under management to drive alignment with the TCFD among the world's largest corporate emitters as part of Climate Action 100+.

In Australia, the ongoing focus on protecting and promoting human rights has led to the Modern Slavery Bill being introduced to the Australian Senate, while the New South Wales Parliament passed its own Modern Slavery legislation on 21 June.

Issues such as climate change and human rights are increasingly recognised as potentially material to business value and as such are important issues for Directors and management to consider.

Other areas such as the social and economic impacts of problem gambling, inappropriate use of individuals' personal data, financing sensitive sectors such as tobacco, controversial weapons, live exports and soft commodities like palm oil and soy continue to raise ethical concerns from investors and the community and present reputational risks to the financial services sector.

Interest in sustainable investing is also on the rise, as many institutions and individuals seek to express their broad concerns about sustainability issues through their investments, just as they might do through their purchases and in the workplace. Research released this year by the Responsible Investment Association of Australasia (RIAA) shows that 55 per cent of all professionally managed assets in Australia are now managed as responsible investments¹.

Awareness of sustainability risks is rapidly influencing the decisions of who stakeholders invest in, who customers bank with, and who organisations work or partner with. In this context it is becoming even more important to manage sustainability risk, to help drive long-term sustained performance in our business.



1. RIAA: [Responsible investments hit major milestone, tipping to over half of all Australian investments – new report](#)

How are we responding?

Decision-making in line with our policies and position statements

Our Sustainability Risk Management Framework sets out our approach to managing sustainability risks.

During the year, our Sustainability Risk Working Group identified and implemented a number of improvements to better identify, address and report on sustainability risk issues in a more consistent manner across divisions, including through the introduction of a consistent classification of sustainability risks to streamline communication and reporting across the Group.

Where we feel it is important to address an issue that presents specific risks and is important to our stakeholders and business, we may develop a response, including a position statement. This year we've considered:

- problem gambling and our approach to the issue. We have introduced a Gambling Preference option that allows the primary credit cardholder to request gambling transactions to be blocked for their card and any additional cards. We also continue to assess our business customers' response to problem gambling in the provision of financial services to those customers and how we can support industry efforts to address problem gambling; and
- ethical use of personal data, biometric information and artificial intelligence across different parts of our value chain, including how we make more consistent and informed decisions on cases that go beyond compliance with local and international laws.

Procurement

We apply our Responsible Sourcing Code of Conduct (RSCoC) to assess the social, ethical and environmental performance of our suppliers. Our Responsible Sourcing Supplier Assessment is now active for existing and new suppliers in Australia. By reviewing commodity, sector, country and reputational risks, we are able to proactively identify potential risks within our supply chain and work with our suppliers to manage them. Over the course of the year, we completed assessments of our top 100 suppliers by spend¹, and for those supplier engagements managed by our primary sourcing teams in Australia.

Since the establishment of our Global Responsible Sourcing Steering Committee last year, we've incorporated the principles of our RSCoC into our sourcing frameworks across New Zealand and undertaken a baseline assessment of our sourcing practices in the Pacific. In the next year, the Committee will focus on integrating responsible sourcing requirements into local supplier and vendor assessment processes across our international geographies.

Our commitment to sustainable procurement and the actions we take to advance human rights through our sourcing decisions are further described in our annual Slavery and Human Trafficking Statements which we prepare in accordance with the UK Modern Slavery Act 2015.

12 | Proactively managing supply chain risk contributes to **SDG 12**

1. For definition of 'top 100 suppliers', please see [Performance Metrics – Suppliers](#).



BACKING AUSTRALIAN SMALL BUSINESSES

The provision of fair wages and working conditions for employees and those within our supply chain have been identified as a salient human rights issue for Westpac.

In 2017, we became a signatory to the Australian Supplier Payment Code. This ensures that we, as a buyer of goods or services in Australia, pay small business suppliers within a 30 day period upon receipt of a correct invoice. Since signing the Code we've implemented a number of systems, process and operational improvements including a centralised team to work with suppliers, supplier education and training, and regular internal reporting.

By adhering to the Code we're helping our suppliers maintain their cash flow, grow their business and support their employees.

Looking ahead, we'll continue to monitor the implementation of the Code, encourage its adoption, and transparently report our performance.

8 | **DECENT WAGE AND WORKING CONDITIONS** | Through our commitment to the provision of fair wages and working conditions to advance human rights through our sourcing decisions we are contributing to **SDG 8**

Lending and banking

We apply our Environmental, Social and Governance (ESG) Credit Risk Policy to manage ESG risks in credit risk assessments, decision-making and ongoing credit risk monitoring processes.

ESG risk data relating to transactions, customers and emerging ESG risk issues is regularly reported to divisional risk committees, providing visibility, transparency and focus amongst senior stakeholders and decision-makers within the bank.

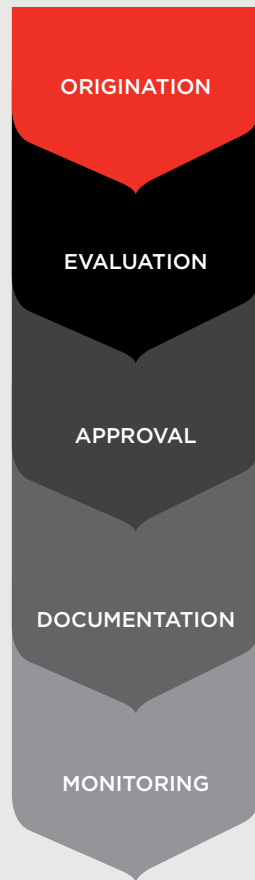
We also directly engage with customers on material ESG risk issues, including issues related to human rights and climate change, and by providing insights on evolving issues, for example potential legislation in Australia relating to the public reporting by organisations of modern slavery risks, social risks relating to gaming, and community concerns regarding the live export of cattle and sheep.

To ensure our team is well informed of these ESG risks, our Sustainable Finance team runs sessions across our Institutional Bank with relationship managers, industry analysts, credit officers and product leads on ESG risks material to their customers, portfolios and sectors and our ESG risk management processes and policies, including our suite of sensitive sector and sensitive issue position statements.

Considering ESG risk in sustainable finance

Lal Lal Wind Farm, located in the Moorabool Shire of Victoria, is a project that will generate enough energy to power approximately 95,000 homes and save 780,000 tonnes of carbon dioxide each year.

Our approach to Environmental, Social and Governance (ESG) Risk Management



POTENTIAL ESG RISKS IDENTIFIED

via country and sector strategy reviews

INTERNAL AND EXTERNAL EXPERTISE

sought for environmentally and socially sensitive sectors

RISKS ASSESSED AT SECTOR, COUNTRY, CUSTOMER AND TRANSACTIONAL LEVEL

as part of credit evaluation processes

CREDIT PROPOSALS APPROVED

on the basis that ESG risks have been analysed and evaluated

CREDIT APPROVALS

may be subject to documented undertakings from customers relating to management, monitoring and performance against agreed ESG measures and compliance with specific ESG, legal or regulatory obligations including Equator Principles

REGULAR CUSTOMER AND TRANSACTION REVIEWS

including assessing the customer's compliance with relevant ESG measures and reporting obligations

IDENTIFYING HUMAN RIGHTS RISKS IN LENDING

Labour rights issues continue to be an inherent risk to some of our corporate customers, in particular those operating in sectors where there is widespread use of temporary migrant, casual, low-paid, low-skilled and/or manual workers.

In 2018, labour risk was highlighted as a material risk issue during the on-boarding process for a new client. The process involved the transaction being escalated to our Institutional Bank's ESG Risk Committee to ensure appropriate oversight and direct engagement with the company to better understand the underlying issues and how the company was actively managing these risks.

One of the outcomes of this engagement was the client's demonstration of positive steps in addressing the labour risks through a range of actions such as repayment of wages, continued delivery of a range of improvements to business operations, and the appointment of third parties to verify improvements and written commitments to government bodies. Additional requirements included regular management reporting to our Institutional Bank and regular meetings between our Institutional Bank and the company's CEO or board member until the labour risk issues were identified and satisfactorily resolved.

IMPROVING OUR APPROACH TO NATURAL DISASTERS AND CLIMATE RISKS

Over the year, improvements to our understanding of storm risks has helped us implement geographic address level storm pricing in house and content insurance policies. This has improved the accuracy of pricing of risks, allowing premiums to more accurately reflect the risk our customers' properties are exposed to on an annual basis.

We also made updates to how we factor in bushfire and flood risk in our pricing, as well as reflecting new flood study data by the Insurance Council of Australia (ICA). We are also currently reviewing cyclone perils with changes to address based pricing to be implemented from 1 December 2018.

To better understand climate-related risks, we continue to participate in a number of initiatives. During the year, we joined the ICA's climate change working group to develop a coordinated approach to these emerging risks amongst Australia's key insurance organisations. We also actively promote greater climate resilience for Australian communities through our involvement with the Australian Business Roundtable for Disaster Resilience and Safer Communities (ABR). This year members of the ABR undertook a review of its activities to determine future areas of focus following five years in operation.



Orora, a global company that produces an extensive range of packaging and visual communication solutions, alongside others, has made arrangements to purchase the electricity that will be generated by Lal Lal.

Westpac provided 25% of the debt financing, which will be used to fund construction of the wind farm developed by Macquarie Group, and with investors InfraRed Capital and Northleaf Capital providing the majority of the equity financing.

This transaction involved application of Westpac's Project Finance Policy, incorporating Equator Principles requirements, and escalation of the transaction through ESG risk management and assessment processes.

Investing

As a large institutional investor, BT Financial Group has the power to influence companies and foster engagement through our growing assets under management and long-term investment horizon. Consistent with our commitment to the Principles for Responsible Investment, we continue to focus on influencing responsible practices at companies in which our funds invest, through engagement with companies and exercising voting rights.

This year, we also released our Sustainable Investment Approach, which sets out how we address ESG issues in our internally managed funds, including super funds. This includes expanding the BT Financial Group ESG exclusions framework, including removing investment in tobacco and controversial weapons, to a wider set of funds managed by our internal teams.

Enhancing our approach on key risks

We continue to enhance our approach to managing sustainability risks and opportunities. This section explores human rights and climate change in further detail.



TO READ MORE

- [Human Rights](#)
- [Climate Change](#)












Human Rights

Respecting and advancing human rights helps us to achieve our vision to help our customers, communities and people to prosper and grow.

Our 2017 Human Rights Position Statement and 2020 Action Plan outlined our approach to advancing human rights. Over the year, we have continued to progress on our actions.

Action areas

What we delivered this year

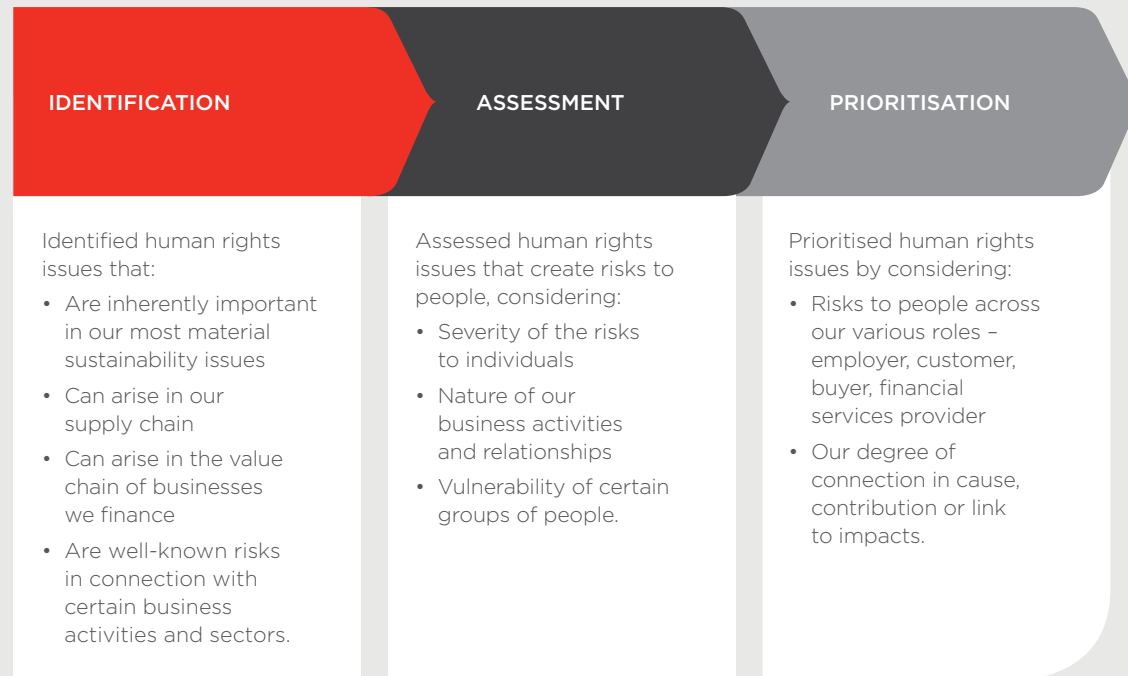
 <p>AS AN EMPLOYER improve human rights outcomes for our employees</p>	<p>First Australian business to sign the United Nations LGBTI Standards of Conduct (2017).</p> 	<p>Piloting new services for customers using AUSLAN and improving access to disability confidence training.</p> 		
 <p>AS A CUSTOMER SERVICE PROVIDER improve human rights outcomes in customer service delivery</p>	 <p>Introduced Loss of a loved one resources to help bereaved customers and their family manage a deceased estate.</p>	<p>Helped customers experiencing financial hardship, issuing over 37,000 financial assistance packages.</p>	<p>Established a specialist team, with experience in areas such as health and social work, to help customers in highly complex vulnerable circumstances experiencing financial hardship.</p>	 <p>Extended dementia-friendly services to BankSA and Bank of Melbourne customers.</p>
 <p>AS A BUYER encourage improved human rights outcomes in our supply chain</p>	<p>Signed the Australian Supplier Payment Code that commits us to pay eligible Australian small business suppliers within a 30 day period upon receipt of a correct invoice, allowing us to play our part towards fair wages.</p> 	<p>100% of our top suppliers assessed on ESG risks, including human rights such as practices that focus on compliance with laws and regulations on labour/workplace practices, workplace health and safety, anti-discrimination, child and forced labour.</p>		
 <p>AS A FINANCIAL SERVICES PROVIDER influence human rights outcomes in our financing activities</p>	 <p>Brought together a number of our institutional customers to open a dialogue on initiatives to eradicate modern slavery and other severe human rights issues.</p>	<p>Assessed transactions/banking relationships with human rights risks such as labour standards, workplace health and safety, fair wages, forced, bonded or compulsory labour, Indigenous people's rights and community rights.</p> 		
 <p>AS A SUPPORTER OF COMMUNITIES improve human rights outcomes in our communities</p>	<p>330 Scholarships Westpac Bicentennial Foundation supported 330 educational scholarships Westpac Foundation grants to social enterprises created 513 jobs for people experiencing barriers to mainstream employment.</p>	 <p>Awarded Westpac Foundation Community Grants to support 200 not-for-profits.</p>		
 <p>STRENGTHEN our human rights framework</p>	<p>Improved policies and guidelines to better enable identification and assessment of human rights risk issues.</p>	<p>Actively participated in government consultations on an Australian Modern Slavery Act.</p>	<p>Provided perspectives and feedback on Oxfam and BankTrack's briefing paper <i>Developing Effective Grievance Mechanisms in the Banking Sector.</i></p> 	

Determining our salient human rights issues

A key focus in 2018 has been determining our salient human rights issues. In the language of the UN Guiding Principles Reporting Framework, these are the human rights at risk of the most severe negative impact through a company's activities and business relationships.

While there are parallels with topics identified in the assessment of our most material sustainability issues, which focuses on significance of issues to Westpac and its key stakeholders, the assessment of salient human rights issues is focused on the perspectives of those individuals whose rights may be affected. We could be connected to human rights risks due to our actions or via third party business relationships. Assessing the most salient human rights issues means prioritising the most severe risks to people, not only the most severe risks to the business.

We applied the following process in arriving at our salient human rights issues










Engaging Shift

Shift, a non-profit organisation, supported us through aspects of this process, including facilitating a workshop with our cross-divisional Human Rights Working Group. Led by our Sustainability team, the Working Group includes representatives from our customer-facing Consumer, Business and Institutional banking divisions, and BT Financial Group, as well as support teams including Credit Risk, Digital Risk, Financial Crime, Compliance, Legal, Human Resources, Health & Safety, Inclusion & Diversity, Customer Advocate, Strategy and Enterprise Services, and the Westpac and St.George Foundations.

Aligned with our human rights framework, the workshop explored the salient human rights issues in each of our roles - as an employer, a customer, a financial services provider, a buyer and a supporter of communities - building on work we had previously done to identify a wide range of relevant human rights issues. The workshop considered the severity of potential impacts on individuals connected to these identified human rights issues and how the risks could be influenced by the nature of our business activities. It also explored the importance of understanding whether we are causing, contributing or linked to impacts, as well as our appropriate role in supporting remedy. The Sustainability team then worked with Shift to refine the issues with further input also provided by the Sustainability Council, Stakeholder Advisory Council and the Board.

Our salient human rights issues

The process we followed led us to focus on four salient human rights issues from a longer list of issues that we will continue to develop. Those four issues are:

SALIENT ISSUE	RESPECTING PEOPLE'S PRIVACY	CUSTOMER VULNERABILITY	EXCLUSION AND DISCRIMINATION IN EMPLOYMENT	UNFAIR WAGES AND CONDITIONS FOR WORKERS IN OUR VALUE CHAIN
Definition	Respecting an individual's right to privacy by complying with all applicable privacy laws and only using or disclosing personal data information in ways that individuals would reasonably expect.	Customers in circumstances that make them more susceptible to harm, loss or disadvantage (either personal or financial) than a person not in those circumstances.	Exclusion and discrimination of people's full participation in employment .	Unfair wages and working conditions impacting worker prosperity, security and standard of living.
Why is this important?	Westpac has access to a wide range of sensitive individual data and given the threat of cyberattacks and the evolving nature of technology, we have a legal responsibility to steward, respect and protect this data . By using Privacy by Design Principles we aim to grow and nurture our stakeholders trust in our ability to respect and protect their personal data. 	Customers in vulnerable circumstances (for example, victims of family violence or those experiencing financial hardship) are more susceptible to harm, loss or disadvantage, either personal or financial, than a person not in those circumstances. Extra care is necessary in the way we serve and support them . We also need to avoid creating or increasing vulnerability by failing to provide the right level of help or care .	Westpac as a major employer in Australia has an ethical responsibility to provide equal opportunities to all individuals . We need to ensure that we are not reinforcing existing prejudices that may exclude individuals from the workforce. We are committed to setting an example for others in meeting and exceeding standards relating to anti-discrimination, health, safety and wellbeing and freedom of association. 	Westpac is a major lender to a broad range of corporate, institutional and government customers, and obtains goods and services from a range of local and international suppliers. Some of these customers and suppliers operate in industry sectors and geographical areas where instances of underpayment, non-payment, unsafe working conditions, and forced/child labour may exist. We can play a role in seeking to prevent such practices across our value chain. 
Stakeholders at risk of being impacted	Retail and business customers, employees, contractors, suppliers	Customers and wider customer value chain	Current and prospective employees and contractors	Suppliers, third-party service providers, corporate, institutional and government customers
Potential impact	Abuse, loss and breach of personal data and privacy 	Economic and social disadvantage of customers 	Inability of the individuals to fully and equally participate in employment opportunities 	Impact on people's health and safety, prosperity, security and standard of living 
Relevance by our role¹	<ul style="list-style-type: none"> Our role as an employer Our role as a customer service provider Our role as a buyer Our role as a financial services provider 	<ul style="list-style-type: none"> Our role as a customer service provider Our role as a financial services provider 	<ul style="list-style-type: none"> Our role as an employer 	<ul style="list-style-type: none"> Our role as a financial services provider Our role as a buyer
Key policies and strategies	<ul style="list-style-type: none"> Privacy Policy Operational Risk Management Framework Customer Vulnerability 2020 Action Plan 	<ul style="list-style-type: none"> 2020 Sustainability Strategy: Support Financial Inclusion Action Plan Reconciliation Action Plan Accessibility Action Plan Product and Service Lifecycle Policy Customer Vulnerability 2020 Action Plan 	<ul style="list-style-type: none"> People Policies Inclusion and Diversity Strategy Accessibility Action Plan Reconciliation Action Plan 	<ul style="list-style-type: none"> Enterprise Bargaining Agreement and People Policies Sustainability Risk Management Framework ESG Credit Risk Policies Responsible Sourcing Code of Conduct

Speaking Up Policy and other grievance mechanisms

GREATER RELEVANCE IN BUSINESS AND INSTITUTIONAL BANKING RELATIONSHIPS

ECONOMY-WIDE RELEVANCE

GREATER RELEVANCE TO SMALL BUSINESS, PERSONAL BANKING AND WEALTH RELATIONSHIPS









1. As outlined in our Human Rights 2020 Action Plan

Climate change

This year marks a decade since we first set out our climate change agenda. In 2017, our third Climate Change Position Statement outlined our five key areas of focus to 2020. Over the year we made substantial progress against our targets and continued to play a leading role in a rapidly evolving landscape. We undertook further climate change scenario analysis in our Australia and New Zealand businesses including an assessment of physical risks in our Australian mortgage book for the first time. See below and in the [Performance metrics](#) section for further details.

Action areas

What we delivered this year

 <p>PROVIDE FINANCE to back climate change solutions</p>	 <p>We were the largest financier to greenfield renewable energy projects in Australia over the last 12 months. By September 2018 we committed \$9.1bn to climate solutions against our 2020 target of \$10 billion.</p>		<p>\$9.1bn committed to climate change solutions \$10bn by 2020</p>	
 <p>SUPPORT BUSINESSES that manage their climate-related risks</p>	<p>The establishment of a cross-functional Climate Change Risk Committee to oversee credit, regulatory and legal risks of climate change, including scenario analysis, strengthened our response to climate-related risks.</p>	<p>New climate change scenario analysis in our Australian and New Zealand businesses included an assessment of physical risks in our Australian mortgage book for the first time – see p.56 below.</p>	<p>Enhanced lending criteria for the thermal coal and energy generation sectors as outlined in our Climate Change Position Statement were embedded in our Group Risk Appetite Statement, ensuring any lending to coal mining and generation projects meets our stringent standards.</p>	<p>The emissions intensity of lending to the power generation sector continued to decline reaching 0.28 tCO₂-e/MWh, ahead of our 2020 target of 0.30 tCO₂-e/MWh.</p>
 <p>HELP INDIVIDUAL CUSTOMERS respond to climate change</p>	 <p>Engagement with the Australian Business Roundtable for Disaster Resilience and Safer Communities (ABR) and National Resilience Taskforce continued our work to promote greater disaster resilience for Australian communities and included the publication of new research in the <i>Building resilience to natural disasters in our state and territories</i> report.</p>	<p>Climate scenario analysis of physical risks highlighted the multiple benefits of building design, planning and preparedness in adapting to the worst effects of climate change and natural disasters.</p>	<p>We provided over 100 relief packages for customers impacted by natural disasters across Australia, including bushfires in southern NSW and south east and south west Victoria, Cyclone Marcus in the Northern Territory and floods in northern Queensland.</p>	
 <p>IMPROVE AND DISCLOSE our climate change performance</p>	<p>Our climate disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time.</p>	<p>9% emissions reduction target on track</p> <p>Scope 1 & 2 emissions remained on track to meet our reduction targets of 9% by 2020 and 34% by 2030 through implementation of a number of energy efficiency projects and commissioning of rooftop solar PV in Australia and roll out of electric and plug-in hybrid vehicles for 30% of our NZ car fleet.</p>	<p>We continued to benchmark our performance against a range of surveys including CDP, the Australian Council of Sustainability Investors and DJSI, with a 44% increase in our DJSI rating for eco-efficiency performance since 2016.</p>	
 <p>ADVOCATE for policies that stimulate investment in climate change solutions</p>	 <p>Our 2018 climate scenario analysis reinforced our longstanding position that early action to transition the economy to net zero emissions provides the greatest opportunity for growth and reduces risks of economic disruption. This was conveyed in policy submissions for the Australian National Energy Guarantee and Zero Carbon Bill in New Zealand.</p>		<p>We continued our engagement with a number of forums including Carbon Markets Institute, UNEP FI, Investor Group on Climate Change, Climate Action 100+, Climate Bonds Initiative, ABR, and Science Based Targets Initiative in Australia.</p>	

As the first Australian bank to recognise the importance of limiting global warming to less than two degrees, we can play an important role in helping our customers and communities manage the transition to a low carbon economy.

This year we extended the breadth and depth of scenario analysis first undertaken in 2016 to build on our understanding of short, medium and long-term impacts of different climate change scenarios on our customers, communities and business. We continue to update our work in light of the IPCC's report on Global Warming of 1.5°C and will release the results of this work in 2019.

1. 2°C scenarios: We revisited the three scenarios developed in partnership with EY and ClimateWorks in 2016 (see Westpac Sustainability Performance Report, 2016 p52) and reapplied them to Australian Business and Institutional lending (excluded retail, sovereign and bank exposures). This year, we also reviewed the International Energy Agency's Sustainable Development Scenario (IEA SDS) and the International Renewable Energy Agency's Renewable Energy Roadmap (IRENA Remap), focusing our analysis on the Australian energy market. Data presented here is from our Global Cooperation Scenario where coordinated global action results in a smooth transition to a low carbon economy.

2. 4°C scenario: The analysis was completed at postcode level in partnership with Deloitte and was underpinned by models developed by Climate Risk. Our core scenario was based on data from IPCC's RCP8.5 scenario and adopted a series of conservative assumptions about the vulnerability of homes to natural perils under 4°C of warming by 2100. The selected perils were: inundation such as sea level rise and storm surges, soil contraction due to increased heat and reduced rainfall, floods, wind and cyclones, and bushfires. Analysis focused on the mortgage portfolio of Westpac and St.George.

Deepening our understanding of a low carbon Australian economy

+2°C warming by 2100

SCENARIO: MULTIPLE¹
FOCUS: TRANSITION RISKS IN OUR AUSTRALIAN BUSINESS AND INSTITUTIONAL LENDING



POLICY

A broad, **market-based price on carbon is the most effective**, affordable, flexible and equitable means of achieving emissions reductions at least cost across the economy.

OPPORTUNITY

Declining technology costs and significant investment mean **renewables may make up nearly 90% of Australia's energy sector** under some scenarios by 2050. We expect continued strong growth in climate solutions – our exposure to this sector has increased to \$9.1bn.

RISK

Some sectors with less ability to decarbonise will experience higher transition risk. Under a Global Cooperation scenario

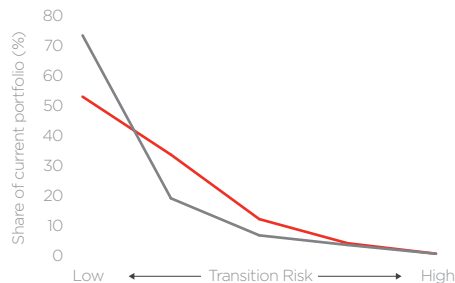
4% of our Australian portfolio is exposed to higher risk sectors.

This has been stable since 2016.

TRANSITION RISK

Share of portfolio exposed to sectors that may experience higher transition risks at 2030 and 2050 under a 2°C scenario.

● 2030 ● 2050



Helping Australian households prepare for climate change

+4°C warming by 2100

SCENARIO: IPCC RCP 8.5²
FOCUS: PHYSICAL RISKS IN OUR AUSTRALIAN MORTGAGE LENDING



POLICY

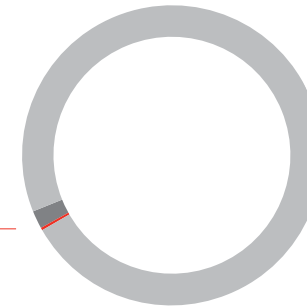
Investment in resilience measures greatly reduces the cost of natural disasters. The location, age, and design of homes are critical factors in reducing damage and financial impact on households.

OPPORTUNITY

The physical impacts of climate change will emerge further in the coming decades. There is **an opportunity to work with customers and a range of stakeholders to ensure risks are properly identified and addressed.**

RISK

Physical risks arising from climate change vary by region across the country, with some areas more exposed to higher risks over time. **Our current lending in postcodes that may experience higher risk under a 4°C scenario by 2050 is relatively low.**



1.7%

of current portfolio exposed to higher physical risk (2050)

PHYSICAL RISK

Share of portfolio exposed to postcodes that may experience higher physical risk at 2030 and 2050 under a 4°C scenario.

● 2030 ● 2050



Faster action means stronger growth for New Zealand

During the year, our research found that taking faster action on climate change could save the New Zealand economy NZ\$30 billion by 2050.

We contrasted two climate change scenarios: one capturing an early and smooth transition, versus a second which modelled inaction on emissions reduction followed by more aggressive action from 2030. The analysis also looked at the physical threat posed by climate change to key New Zealand industry sectors.

Key insights from the work include:

- New Zealand can decarbonise towards a two degree target while achieving economic growth. A smooth transition would create NZ\$30 billion more GDP through to 2050 than delayed action
- Agriculture faces challenges in a two degree aligned economy, with the industry projected to be better off from an early, phased introduction to a carbon price rather than a more rapid entry later on
- Renewable electricity sources such as wind, hydro and solar will be among those industries to prosper while physical factors have the potential to impact key sectors like electricity generation, transport, forestry, agriculture and tourism.

Keeping those that invest with us informed on climate change

BT Financial Group recognises the importance of understanding, measuring and appropriately managing the potential impacts of climate change in our investment portfolios. Providing our customers with information to help them understand our approach and enable them to make informed investment choices is an important focus of our work.

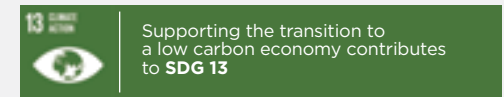
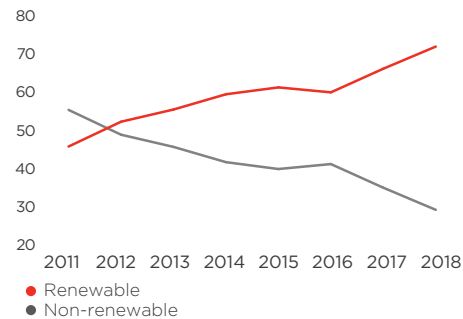
This year, we continued to evolve climate-related disclosures for BT Financial Group, in line with the recommendations of the TCFD. This includes:

- Providing more information about how our investment boards and management consider climate change and related impacts in our investment portfolios
- Providing more information about how we integrate ESG considerations, including climate change, into investment decision making
- Expanding our approach to company engagement, through participation in the Climate Action 100+ initiative
- Disclosing carbon-related metrics across an expanded list of funds to provide customers, including our superannuation members, with information regarding the carbon exposure of their investments.

BT Financial Group is committed to providing customers investment options to enable them to manage sustainability risks, including climate change risk, in their investments. In addition to providing ESG information to help investors and advisers assess these risks in their portfolios on our investment platforms: BT Panorama, BT Invest and SuperInvest; we have also continued to make available investment options that provide specific sustainability screens, including carbon-related screens, across a number of our products and platforms. Further details regarding climate-related disclosures for BT can be found at bt.com.au/sustainability.

Westpac Institutional Bank's Chief Executive, Lyn Cobley and Director of Infrastructure & Utilities, Greg Pauli join the Palisade Investment Partners team at the Ross River Solar Farm in Townsville, QLD as the first solar panels were being installed. The project is transforming a former 202-hectare mango plantation to create the largest single-stage solar farm in Australia.

SHARE OF RENEWABLES IN OUR LENDING TO ELECTRICITY GENERATION CONTINUES TO INCREASE - AUSTRALIA AND NEW ZEALAND (%)



Aligning with the Taskforce on Climate-related Financial Disclosures (TCFD)

A TCFD-aligned summary of our current and future work for climate-related Governance, Strategy and Risk Management is summarised below along with further climate performance metrics.

Current state

Priorities to 2020

<p>GOVERNANCE</p>	<ul style="list-style-type: none"> Board oversight: Six-monthly updates Executive oversight: Quarterly updates through Sustainability Council Working committees: Climate Change Risk, Climate Change Solutions, and Environmental Management 	<ul style="list-style-type: none"> Continue to strengthen and improve our existing governance mechanisms
<p>STRATEGY</p>	<ul style="list-style-type: none"> Climate Change Position Statement and 2020 Action Plan 2018-2020 Sustainability Strategy 	<ul style="list-style-type: none"> 1.5°C scenario analysis for our Australian Business and Institutional lending Analyse impacts of climate change in the investments managed by BT Financial Group, including through scenario analysis Engage with stakeholders to shape a consistent approach to climate risk management and disclosure in the financial services sector
<p>RISK MANAGEMENT</p>	<ul style="list-style-type: none"> Climate Change Risk Committee reports to Sustainability Council Climate change integrated in Group Risk Appetite Statement and ESG Risk Management policies Regular scenario analysis 	<ul style="list-style-type: none"> Continue to integrate climate change into risk management framework Continued analysis of climate risks across our business including physical risks in our Australian mortgage portfolio Continue disclosure of climate-related impact in investments managed by BT Financial Group, including superannuation

METRICS AND TARGETS

ELECTRICITY GENERATION EXPOSURE (% OF TCE)¹

- Renewable energy **71%**
- Gas **14%**
- Black coal **12%**
- Brown coal **2%**
- Liquid fuel **1%**

Renewable energy represents over 71% of our lending to the electricity sector

OPERATIONAL EMISSIONS (SCOPE 1, 2 & 3) (TCO₂-e, 000s)

Year	2015	2016	2017	2018
Emissions (000s)	244	220	203	194

Our emissions continue to decline in line with our 9% reduction target by 2020 (vs. 2016)

CLIMATE CHANGE SOLUTIONS EXPOSURE (\$BN)

Period	Sep 15	Sep 16	Sep 17	Sep 18
Exposure (\$BN)	6.1	6.2	7.0	9.1

Our lending to climate change solutions is on track to meet our 2020 target of \$10bn

FINANCED EMISSIONS (tCO₂-e/MWh)²

Fiscal Year	Westpac electricity generation portfolio	National electricity market (NEM) benchmark
FY15	0.38	0.91
FY16	0.38	0.90
FY17	0.36	0.86
FY18	0.28	0.82

Emissions intensity of our lending is well below the market benchmark and ahead of our 2020 target (0.30 tCO₂-e/MWh)

MINING EXPOSURE (\$BN)

Category	2015	2016	2017	2018
Total	14.5	11.3	9.7	10.7
Non-fossil fuel	6.4	5.6	5.3	5.4
Oil and gas	6.8	5.0	3.8	3.9
Coal - thermal & metallurgical	1.4	0.9	0.6	1.4

Lending to coal mining is in line with quality parameters established in our climate change position statement

Mining represents 1% of Total Committed Exposure

CLIMATE CHANGE SOLUTIONS EXPOSURE (% OF TCE)

- Green buildings **48%**
- Renewable energy **29%**
- Low carbon transport **13%**
- Adaptation infrastructure **3%**
- Forestry **3%**
- Waste **2%**
- Other **2%**

Green buildings and renewables remain the largest share of lending to climate solutions

1. Exposures in WIB only. 2. Australia only. NEM benchmark is sourced from Australian Energy Market Operator.

The fundamentals

Explore how our policies, action plans and frameworks underpin our approach to operating sustainably.

Greg Woodlock on his farm, Kaloola. Read the full story on page 20.



2020 Sustainability Strategy – It's about all of us

Westpac's 2018-2020 Sustainability Strategy outlines our approach to building a sustainable future by taking action in the areas where we can have the greatest impact.

Our 2020 Sustainability Strategy is centred around three priority areas, and is underpinned by our commitment to fostering a culture of care and doing the right thing, and continuing to lead on sustainability fundamentals.

During the past year we worked with teams across Westpac to establish implementation plans towards meeting our new goals and commitments, as well as the supporting metrics to assess and report on our performance and impact.

Our shared future

We believe we can create sustainable, long-term value for our customers, our communities and nation by:



Sustainability governance framework

Our governance forums

Our governance framework underpins the delivery of our sustainability agenda, starting with our Board and flowing to committees across the organisation.

Three internal governance committees are central to the delivery of our strategy:

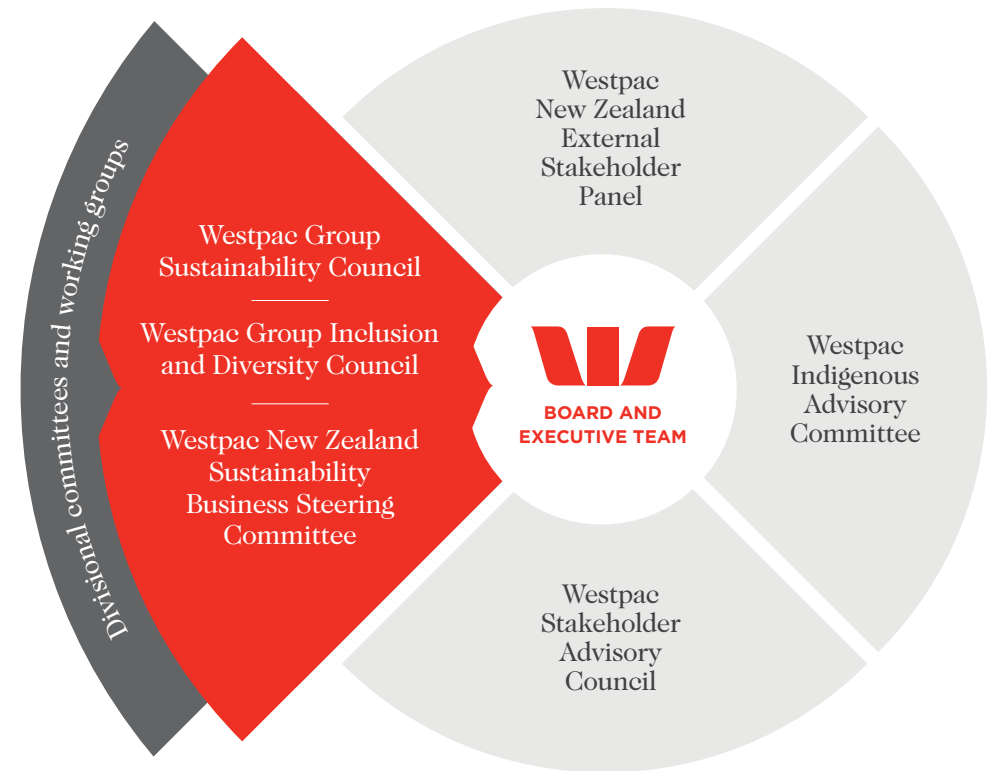
- Sustainability Council
- Inclusion and Diversity Council
- Westpac New Zealand Sustainability Steering Committee.

A number of committees and working groups report into these three committees, including:

- Environmental Management Committee
- Climate Change Solutions Committee
- Climate Change Risk Committee
- Global Responsible Sourcing Steering Committee
- Westpac Indigenous Advisory Committee
- Social & Affordable Housing Working Group
- Human Rights Working Group.

The Westpac Stakeholder Advisory Council and Indigenous Advisory Committee provide important independent perspectives and guidance from external stakeholders. The Westpac New Zealand Sustainability Advisory Panel is made up of leaders in the business and community sectors, the Chair of which is also a member of the Westpac Stakeholder Advisory Council, maintaining alignment across Australia and New Zealand.

The implementation of our sustainability strategy is driven by the Group Sustainability team led by our Group Executive for Customer & Corporate Relations. The most senior executive with accountability for sustainability performance is the Group CEO. Progress is reviewed and discussed by the Group Executives and Board on a bi-annual basis.



INTERNAL COMMITTEES

EXTERNAL COMMITTEES

Our frameworks, policies and positions

Our Principles for Doing Business set out the behaviours and frameworks for sustainable practices.

Our Sustainability Risk Management Framework guides how we manage, escalate and report on material sustainability risks. Specific policies and position statements such as our Climate Change Position Statement, Human Rights Position Statement and Responsible Investment Position Statement inform our approach to material issues.

Our Stakeholder Engagement Framework and Social Impact Framework guide our approach to understanding the views and expectations of our stakeholders.

Requirements of suppliers relating to management of the environment, labour conditions, social and governance issues and impacts from supplying products and services to us are laid out in our Responsible Sourcing Code of Conduct.

These governance mechanisms are informed by a number of national and international partnerships and commitments. See External benchmarking.

Our frameworks, policies and positions

Guiding our approach

Principles for Doing Business
Stakeholder Engagement Framework
Social Impact Framework

Managing Risk

Sustainability Risk Management Framework
Approach to risk management
Responsible Sourcing Code of Conduct

Driving action

2018-2020 Sustainability Strategy
Inclusion & Diversity Strategy
Divisional and Business Unit Strategies

POLICIES AND POSITION STATEMENTS

Climate Change Position Statement
Human Rights Position Statement
Responsible Investment Position Statement
Supplier Inclusion & Diversity Policy
Wellbeing Policy
Health & Safety Policy

SPECIFIC POLICIES AND POSITIONS

ESG Credit Policy
Financing Agribusiness
Financing the Defence Sector
Financing Tobacco
Privacy Policy

ACTION PLANS AND DIVISIONAL STRATEGIES

Climate Change Action Plan
Reconciliation Action Plan
Human Rights Action Plan
Accessibility Action Plan
Customer Vulnerability 2020 Action Plan
Financial Inclusion Action Plan

Global commitments and partnerships

Equator Principles	UN Sustainable Development Goals	UN Environment Program - Finance Initiative	Principles for Responsible Investment
Principles for Responsible Banking	Global Investor Statement on Climate Change	UN Global Compact	We Mean Business Coalition
			Tobacco Free Finance Pledge

Interim and annual reporting

In 2018, we introduced a number of new or revised frameworks, strategies, policies and positions.

Frameworks, strategies, policies, and positions introduced or significantly updated during the year

Sustainability Risk Management Framework

In August, we revised our Sustainability Risk Management Framework including the addition of a consistent classification of sustainability risks, adjusted review cycles, updates to reflect new accountabilities following the creation of a new Group Executive, Customer and Corporate Relations role, and updates to reflect the evolving external disclosure landscape.

Responsible Investment Position Statement

In October last year, we refreshed our Responsible Investment Position Statement which explains our approach to understanding and managing environmental, social and corporate governance impacts, risks and opportunities in investments across all the portfolios within BT Financial Group. As part of the refresh, we articulated our approach to excluding tobacco and controversial weapons such as cluster munitions, anti-personnel mines and biological and chemical weapons across a wider set of BT Financial Group's internally managed investment portfolios.

Inclusion and Diversity Strategy

In March, we released our 2018-2020 Inclusion and Diversity Strategy which aims to harness our peoples' experience, age, gender, gender identity, race, accessibility requirements, sexual orientation or cultural background to inspire ideas and innovation across three focus areas - Best talent for innovation and service, Inclusive place to work, and Helping our customers and communities.

External benchmarking

Through our global commitments, partnerships and participation in leading indices, surveys and awards, we are helping frame the sustainability conversation while contributing to the development of sustainability standards.

Key commitments/partnerships



Principles for Responsible Banking
Part of core group of 28 banks developing the Principles for Responsible Banking



UN Sustainable Development Goals
CEO Statement of Commitment (2015)



Paris Climate Agreement
Supporter (2015)



The Equator Principles
Founding Adopter,
First Australian Bank (2003)



UN Environment Program Finance Initiative
Founding Member (1991)



Financial Stability Board's Task Force on Climate-related Financial Disclosures
Align with and support



Commitment to United Nations Global Compact
Signatory (2002), Global Compact Network Australia Founding Member



Banking Environment Initiative
Founding signatory (2012)



Principles for Responsible Investment
Signatory (2007)



Global Investor Coalition Statement on Climate Change
Signatory (2014)



The Montreal Carbon Pledge
Signatory (2014)



Climate Bonds Initiative
Partner



Carbon Markets Institute
Corporate Member



We Mean Business Coalition
Signatory (2015)



Climate Action 100+
Signatory (2018)



Carbon Neutral Certification
Since 2012



Supply Nation
(for Indigenous owned businesses)
Founding member (2016)



WeConnect International
(for women owned businesses) (2014)



Social Traders
(for social enterprises) Member of Connect (2016)

Sustainability leadership

Industry awards



Awarded Gold Class ranking in RobecoSAM's 2018 Sustainability Yearbook



Achieved highest "Leading" rating for the tenth consecutive year for disclosure of sustainability risks in 2017



Recognised in the 2017 CDP to achieve Leadership level for our response to climate change, announced in October 2017



Reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Global, announced September 2018



Achieved the highest QualityScore of 1 for the inaugural ESG survey by ISS in 2018

Sustainability indices



A world leader and member of DJSI World, DJSI Asia Pacific, and DJSI Australia Indexes



Leader score among peer group¹



FTSE4Good

Member of the FTSE4Good Index, of which Westpac has been a member for over 10 years, announced in August 2018



Member of the MSCI Global ESG Leaders index



Member of the STOXX 2017/2018 Global ESG Leaders Indices for the fifth consecutive year

Inclusion & diversity recognition



Included in the 2018 Bloomberg Gender Equality Index



#1 Bank in Top 10 Australian Network on Disability's Inaugural Access and Inclusion Index



Employer of Choice by The Workplace Gender Equality Agency for the 8th consecutive year



Awarded Employer of the Year at the 2017 Women in Finance Awards



Received highest accolade of Platinum status in the Australian Workplace Equality Index Awards in May 2018

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Industry associations

Westpac is a member of, and participates in, a number of industry associations. Participating in these associations provides the Group opportunities to engage with other businesses and organisations, share insights, support advocacy, and consider and discuss potential industry standards.

Summary of memberships of key industry associations:

	Australian Banking Association (ABA)	Business Council of Australia
Involvement	Member Member of governing body, ABA Council Regular contributor to working groups	Member Participation in some working groups, most notably the Indigenous Engagement Task Force
Core activity	Consider public policy on banking and other financial services	Consider public policy in relation to economy-wide issues impacting the nation and businesses
Contribution	Membership fee Contributions to projects of strategic relevance	Membership fee Ad hoc contributions to projects of strategic relevance

Principles for engagement with key industry associations where we are a member:

- We generally seek broad alignment with the policy positions and any advocacy/lobbying by the key industry associations
- Membership does not preclude Westpac from taking different policy positions to those associations, particularly where we believe that our position is in the best interests of our customers, shareholders, employees and the economy more broadly
- When our position varies significantly to an industry association, we engage directly with the leadership of that association
- We regularly review our memberships of industry associations to ensure our participation meets the expectations of our broader stakeholders.

Industry Associations policy and advocacy alignment review:

To align with these principles we will continue to review our key industry memberships in relation to our main areas of policy interest, which include a focus on lobbying and advocacy related to climate change and the core principles in our Climate Change Position Statement and Action Plan.

We engage directly with key industry associations where we identify a material variance in an association's policy position(s) to our policy position(s) including where this is apparent through their lobbying or advocacy. Should a material variance persist, we will consider that variance and weigh it against the benefits from the wider activities of that industry association when determining whether to renew our membership. We expect to next publicly update stakeholders on the outcomes of this process within six months of the 2018 Annual General Meeting.

Stakeholder engagement

Engagement with our customers, investors, employees, government, suppliers, NGOs and communities helps ensure our strategy and reporting meets the expectations of our key stakeholders.

CUSTOMERS



Customer feedback and complaints received via our Customer Advocate, call centres and online, surveys, social media (including @WestpacSustain), mystery shopping, focus groups, customer councils, and ongoing local engagement by branch teams and relationship managers.

INVESTORS



Surveys, ongoing briefings and meetings with investors, ESG analyst meetings, and questions received prior to and during Annual General Meetings.

EMPLOYEES



Monthly employee surveys, biennial Diversity and Flexibility Survey, biennial Group Communications Survey, annual Community Engagement Survey and other Foundation surveys, blogs, Yammer (internal social media platform), biannual People Leader Forums, and ongoing team meetings.

GOVERNMENT AND REGULATORS



Policy trend analysis, industry forums, submissions, reform proposals, reviews and meetings.

SUPPLIERS



Assessment against our updated Responsible Sourcing Code of Conduct for new and existing suppliers (assessments valid for three years), supplier forums and meetings with individual suppliers.

NON-GOVERNMENTAL ORGANISATIONS



Regular one on one meetings, NGO participation in industry meetings (e.g. Australian Dialogue on Business and Human Rights), engagement on particular strategy of policy developments (e.g. refresh of Climate Change and Human Rights position statements), ongoing written correspondence.

COMMUNITIES



Ongoing dialogue with community partners including annual relationship review meetings, ongoing local branch engagement, skill-based volunteering, mentoring and secondments, and periodic involvement in strategic workshops and focus groups.

We participate in a range of multi-stakeholder forums including the Investor Group on Climate Change, Australian Business Roundtable for Disaster Resilience & Safer Communities, UNEP FI Principles for Responsible Banking Stakeholder Advisory Group, Global Compact Network Australia Human Rights Leadership Group for Business, and more. See External benchmarking.

Our stakeholder engagement process is guided by the AA1000 Stakeholder Engagement Standard (2008) and plays a major role in our annual assessment of material issues. This year some of the key topics we engaged on included:

- Governance and practices through our involvement with the UNEP FI initiative on the Principles for Responsible Banking
- Customer hardship through our engagement with Vulnerable Customer Council, Small Business Council, Office of the Customer Advocate, Salvation Army's You're the Boss financial wellbeing program, as a member of the Financial Inclusion Action Plan (FIAP) program and by working directly with our customers
- Environmental stewardship through active dialogue with a range of stakeholders including Market Forces, 350.org, WWF Australia, the Carbon Market Institute and Investor Group on Climate Change
- Addressing the impacts of problem gambling through consumer groups, industry and government dialogue on gambling and the use of personal credit cards
- Affordable housing and homelessness, through engagement with government on ways to tackle Sydney's housing affordability issues
- Human rights including engagement with Oxfam and industry, and active involvement in the government inquiries and consultations on new legislation regarding company disclosures on modern slavery in supply chains.

Stakeholder Advisory Council

The Stakeholder Advisory Council is a forum for a range of external stakeholders to provide important insight and feedback to our executives and sustainability leaders on Westpac's approach to sustainability. It is an important mechanism to ensure we are addressing the right issues in the right way.

Westpac's Stakeholder Advisory Council was re-established in 2016 to act as a guiding body to provide advice to our Executives and sustainability leaders on environmental and social sustainability. Its focus is on identifying and responding to the most pressing issues (impacting both our business and our communities where we operate) where we have the skills and resources to make a meaningful impact.

In 2018, the Council met three times and provided insights and feedback around a range of important issues and opportunities. Key discussion points included:

- Westpac's role in supporting secure access to housing through all stages of life
- Westpac's approach to data ethics, and the importance of taking a 'humanist approach', and placing the end customer at 'the heart' of data ethics considerations
- Reflections on the Group's 2020 Human Rights Position Statement and Action Plan, and feedback on salient themes
- Perspectives on proposals for Constitutional Recognition of Aboriginal and Torres Strait Islander Australians, with a particular focus on truth-telling and how Westpac, Australia's oldest company, might approach this
- Insights around how the Group might best support customers in vulnerable situations
- Constructive insights into our ongoing sustainability performance and feedback on material sustainability themes for 2018 and previous years.

The Council is made up of nine members and one observer, and is co-chaired by Westpac CEO, Brian Hartzer, and the CEO of the Ethics Centre, Simon Longstaff.

Current external members of the Council include:

- **Simon Longstaff**
Stakeholder Advisory Council Co-Chair, CEO, The Ethics Centre
- **Michael Anderson**
Chairman, Wesley Mission
- **David Borger**
Executive Director, Western Sydney Business Chamber
- **Nick Main**
Chair, Westpac New Zealand Sustainability Advisory Panel
- **James Moody**
Founding CEO, Sendle
- **Sam Mostyn**
Non-executive Director & Sustainability Adviser
- **Tim Nelson**
Chief Economist, AGL
- **Robynne Quiggin**
Professor, University of Technology, Sydney
- **Catherine Yeomans**
Former CEO Mission Australia

Material topics and management approach



Informed by engagement with internal and external stakeholders and a review of policies, industry trends, peer analysis and regulatory and non-regulatory requirements, our materiality process is aligned with the Global Reporting Initiative (GRI) Standards (2016) and the AA1000 AccountAbility Principles Standard (2008).

We identify a range of current and emerging risks and opportunities that are likely to impact our business and our stakeholders over the short, medium and long term. We anticipate that these topics will evolve over time and we will continue to work with our stakeholders to shape them going forward.

Our approach follows the 'Identify', 'Prioritise' and 'Validate' process recommended by GRI to determine our material topics. Through engagement with internal and external stakeholders we are able to identify a list of emerging topics that we evaluate and prioritise through a quantitative scoring methodology.

This year, as a result of our materiality process, we have separated a material topic (previously 'Customer experience, support and access') into three distinct topics, two of which were considered material and included below ('Customer satisfaction and experience' and 'Customer vulnerability and hardship'). More information on these topics is available in the Service leadership section.

Detailed information on our material topics is available in the table below as well as in our Annual Report within the Directors' Report, Risk and Risk Management, and Sustainability Performance sections. In addition to GRI, we also map our performance against the Sustainability Accounting Standards Board (SASB) draft standards.

Material topic	Definition	GRI/SASB Standards	Relevant stakeholders	How we are responding
Service leadership				
Customer satisfaction and experience	Customers' needs are becoming more complex, and at the same time their expectations around how they want to engage with us are evolving	<p>GRI Boundary: Contribute to impact outside our operations</p> <p>GRI Standards: Social - Product portfolio, Marketing and labelling</p> <p>SASB Topics: Transparent information and fair advice for customers</p>		<ul style="list-style-type: none"> • CEO's Letter in the Annual Review & Sustainability Report • Service leadership (p.14) • Performance metrics - Customers (p.79) and Social and economic impact (p.92)
Customer vulnerability and hardship	Our ability to support customers in times of financial hardship and anticipating times when they can become vulnerable allows us to help when it matters most	<p>GRI Boundary: Contribute to impact outside our operations</p> <p>GRI Standards: Social - Local communities, Product portfolio, Marketing and labelling</p> <p>SASB Topics: Responsible lending and debt prevention - Financial inclusion and capacity building</p>		<ul style="list-style-type: none"> • CEO's Letter in the Annual Review & Sustainability Report • Service leadership (p.14) • Performance metrics - Social and economic impact (p.82) • Customer Vulnerability 2020 Action Plan

Material topic	Definition	GRI/SASB Standards	Relevant stakeholders	How we are responding
Financial capability and empowerment	Creating a fairer, more inclusive and confident society by helping people understand money, thereby empowering them to improve their financial wellbeing	<p>GRI Boundary: Contribute to impact within our own operations as well as outside</p> <p>GRI Standards: Social - Product portfolio</p> <p>SASB Topics: Financial inclusion and capacity building</p>		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Service leadership (p.14) Performance metrics - Social and economic impact (p.92)

Governance, conduct and trust

Changing regulatory landscape	Supervision and regulation in jurisdictions that the Group operate in continue to evolve, creating uncertainty in the operating environment	<p>GRI Boundary: Contribute to impact within our own operations as well as outside</p> <p>GRI Aspect: Social - Marketing and labelling, Socioeconomic compliance</p> <p>SASB Topics: Management of the legal and regulatory environment</p>		<ul style="list-style-type: none"> Chairman's Letter and CEO's Letter in the Annual Review & Sustainability Report Governance, conduct and trust (p.21)
Conduct and culture	Instances of poor conduct have eroded public trust in the financial services sector, driving an increased focus on corporate culture and improved outcomes for customers	<p>GRI Boundary: Cause impact within our own operations</p> <p>GRI Standards: Social - Product portfolio</p> <p>SASB Topics: Transparent information and fair advice for customers - Responsible lending and debt prevention</p>		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Governance, conduct and trust (p.21) Performance metrics - Employees (p.75)
Financial and economic performance	Maintaining a healthy financial performance and strong balance sheet is vital to the Group's long term sustainability	<p>GRI Boundary: Cause impact within our own operations and contribute to impact outside</p> <p>GRI Standards: Economic - Economic performance</p>		<ul style="list-style-type: none"> Chairman's Letter and CEO's letter in the Annual Review & Sustainability Report Performance metrics - Social and economic impact (p.92)



Material topic	Definition	GRI/SASB Standards	Relevant stakeholders	How we are responding
Governance, risk and remuneration	Clear governance practices, active management of risk, commitment to compliance, and fair remuneration in our operations, supplier and partner relationships are all critical to the longevity and financial wellbeing of the Group	<p>GRI Boundary: Cause impact within our own operations</p> <p>GRI Standards: Economic - Anti-corruption, Procurement practices</p> <p>SASB Topics: Management of the legal and regulatory environment - Systemic risk management</p>		<ul style="list-style-type: none"> Chairman's Letter and CEO's Letter in the Annual Review & Sustainability Report Governance, conduct and trust (p.21) Performance metrics - Employees (p.75)

Digital innovation

Digital product and service transformation	Digitisation offers opportunities to improve efficiency and deliver new and better customer experiences when, how and where customers choose to engage with us	<p>GRI Boundary: Cause impact within our own operations and contribute to impact outside</p> <p>GRI Standards: Social - Society - Local communities, Product Responsibility - Product portfolio</p>		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Digital innovation (p.27) Performance metrics - Customers (p.79)
Information security and data privacy	Maintaining customer confidentiality and the security of our systems is paramount to maintaining trust and confidence	<p>GRI Boundary: Cause impact within our own operations and contribute to impact outside</p> <p>GRI Standards: Social - Product responsibility - Customer privacy</p> <p>SASB Topics: Customer privacy and data security</p>		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Digital innovation (p.27)

Workforce of the future


Inclusion and diversity	Having a workforce that reflects the broader community in which we operate, as well as delivering a better service experience for our customers	<p>GRI Boundary: Cause impact within our own operations and contribute to impact outside</p> <p>GRI Standards: Social - Diversity and equal opportunity</p> <p>SASB Topics: Employee inclusion</p>		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Workforce of the future (p.33) Positive societal impact (p.39) Performance metrics - Employees (p.75), Suppliers (p.91) and Reconciliation Action Plan (p.97)
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Material topic	Definition	GRI/SASB Standards	Relevant stakeholders	How we are responding
Talent attraction and retention	Attracting, retaining and developing our people and helping them to build skills for the future	GRI Boundary: Cause impact within our own operations GRI Standards: Social – Employment, Training and education		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Workforce of the future (p.33) Performance metrics – Employees (p.75) and Reconciliation Action Plan (p.97)
Workforce wellbeing	Maintaining a secure workplace and providing our people with a range of flexible work options and workplace benefits that support their mental health, safety and wellbeing	GRI Boundary: Cause impact within our own operations GRI Standards: Social – Employment, Occupational health and safety		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Workforce of the future (p.33) Performance metrics – Employees (p.75)

Positive societal impact

Climate change transition and opportunities	As a major financial institution, we have an important role to play in supporting the transition to an economy that limits global warming to less than two degrees and ensuring clarity around our scientific and principles-based approach to assessing customers and projects	GRI Boundary: Cause impact within our own operations and contribute to impact outside GRI Standards: Economic – Economic Performance, Social – Product portfolio, Audit, Active ownership SASB Topics: Integration of environmental, social and governance risk factors in credit analysis		<ul style="list-style-type: none"> Value chain risk (p.48) Positive societal impact (p.39) Performance metrics – Sustainable lending and investment (p.82)
Positive impact finance	Tailoring and provision of financial products that directly address widely recognised societal or environmental issues, or to sectors that operate with an explicit mandate to address those issues	GRI Boundary: Cause impact within our own operations and contribute to impact outside GRI Standards: Economic – Indirect economic impacts, Social – Product portfolio		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Positive societal impact (p.39) Performance metrics – Sustainable lending and investment (p.82)
Societal diversity and prosperity	As one of the largest companies in Australia, we can play an important role in creating positive social impact through core business activities and community investment	GRI Boundary: Contribute to impact outside our operations GRI Standards: Economic – Indirect economic impacts, Social – Local communities, Product portfolio		<ul style="list-style-type: none"> Positive societal impact (p.39) Performance metrics – Social and economic impact (p.92)



Material topic	Definition	GRI/SASB Standards	Relevant stakeholders	How we are responding
Supporting communities in need	As an integral service provider in the communities in which we operate, we actively support those in need including in times of emergency and recovery, as well as initiatives to address complex societal and economic issues	<p>GRI Boundary: Contribute to impact outside our operations</p> <p>GRI Standards: Social – Local communities</p>		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Service leadership (p.14) Performance metrics – Social and economic impact (p.92)

Value chain risk

Value chain sustainability risks	We actively manage a range of sustainability risks (including climate change and human rights) in our value chain through our lending to customers, our investments in funds, and through our supply chain	<p>GRI Boundary: Cause impact within our own operations and contribute to impact outside</p> <p>GRI Standards: Economic – Procurement practices, Environmental – Supplier Environmental Assessment, Social – Employment, Supplier social assessment, Product portfolio, Audit, Active ownership</p> <p>SASB Topics: Integration of environmental, social and governance risk factors in credit analysis – Systemic risk management</p>		<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Value chain risk (p.48) Performance metrics – Sustainable lending and investment (p.82) and Suppliers (p.91)
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External landscape

Macroeconomic and demographic trends	Observing and understanding local and global economic, demographic and societal trends as they occur, and using that intelligence to evolve, adapt and respond	<p>GRI Boundary: Contribute to impact outside our own operations</p> <p>GRI Standards: Economic – Indirect economic impacts, Social – Product portfolio</p> <p>SASB Topics: Management of the legal and regulatory environment – Systemic risk management</p>		<ul style="list-style-type: none"> Chairman's Letter and CEO's Letter Workforce of the future (p.33) Positive societal impact (p.39)
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Customers



Investors



Employees



Government and regulators



Suppliers



Non-governmental organisations



Communities

Performance metrics

We report our five year performance against our key indicators, offering a transparent and comparable disclosure as expected by our stakeholders.

Totals may vary on occasion due to rounding

Customer Susan Cusumano at her business, V&V Landscapers. Read the full story on page 32.



Employees

We measure and report progress on a number of indicators that reflect the focus areas of our overall human resources strategy and the sustainability of our workforce. This includes progress we have made towards our inclusion and diversity goals, improving the health, safety and wellbeing of employees, how we attract and retain talent through building the knowledge and capability of our employees, how we establish expectations of employee conduct, issues reported through whistleblowing channels, and a number of key remuneration ratios – all areas which deliver against the Group's Service Leadership and Workforce Revolution strategic priorities. Refer to [Governance, conduct and trust](#) and [Workforce of the future](#) for a strategic update on our progress.

Employee profile

Employees by employment type, region and gender (headcount)

	2018			2017			2016		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Australia¹									
Full time	11,650	12,035	23,685	11,902	12,298	24,200	12,084	12,395	24,479
Part time	5,337	561	5,898	5,389	560	5,949	5,563	540	6,103
Temporary	1,284	1,806	3,090	1,310	1,658	2,968	1,336	1,675	3,011
Total Australia	18,271	14,402	32,673	18,601	14,516	33,117	18,983	14,610	33,593
New Zealand									
Full time	2,091	1,618	3,709	2,118	1,574	3,692	2,077	1,555	3,632
Part time	600	59	659	597	53	650	610	50	660
Temporary	230	168	398	276	176	452	359	252	611
Total New Zealand	2,921	1,845	4,766	2,991	1,803	4,794	3,046	1,857	4,903
Westpac Pacific									
Full time	609	456	1,065	586	455	1,041	578	445	1,023
Part time	7	4	11	17	11	28	14	4	18
Temporary	3	4	7	12	19	31	12	19	31
Total Westpac Pacific	619	464	1,083	615	485	1,100	604	468	1,072
Group total	21,811	16,711	38,522	22,207	16,804	39,011	22,633	16,935	39,568

1. Employee data is categorised by legal employer. 'Australia' includes employees located in Australia, UK, USA and Asia.

Employees (FTE)

	2018	2017	2016 ¹	2015 ¹	2014 ¹
Permanent	31,672	32,044	32,190	32,620	33,586
Temporary	3,357	3,052	3,390	2,864	3,010
Group total	35,029	35,096	35,580	35,484	36,596

1. FTE numbers restated as previously reported numbers did not include NZ contractors. [Media Release here.](#)

Engagement, new starters, attrition and retention

	2018	2017	2016	2015	2014
Employee Engagement Index (%) ¹	-	79	69	-	-
Employee voluntary attrition (number)	3,705	3,586	3,957	4,118	3,692
Employee voluntary attrition (% of total staff)	10.0	9.6	10.6	10.6	9.8
New starters (number)	3,877	4,118	4,474	4,214	-
New starters (% of total staff)	10.1	10.6	11.3	11.1	-
New starter retention (% of new starters)	84.1	84.7	85.5	85.3	88.0

1. New employee engagement survey conducted from 2016 and prior data not included due to change in survey methodology. From 2017 the survey is conducted every two years and the next survey will be in 2019.

New starters by gender, age and region^{1,2}

	2018		2017		2016		2015	
	Number	Rate (% total staff)	Number	Rate (% total staff)	Number	Rate (% total staff)	Number	Rate (% total staff)
Employee new starters by gender								
Female	2,026	52	2,154	52	2,324	52	2,087	50
Male	1,850	48	1,964	48	2,150	48	2,125	50
Employee new starters by age								
≤ 24	885	23	917	22	949	21	887	21
25-34	1,545	40	1,667	40	1,795	40	1,795	43
35-44	940	24	1,007	24	1,122	25	1,020	24
45-54	404	10	411	10	460	10	427	10
≥ 55	100	3	114	3	147	3	83	2
Employee new starters by region²								
Australia ³	3,359	87	3,562	84	4,011	86	-	-
New Zealand	518	13	556	14	463	10	-	-

1. Age and gender totals may not match overall reported numbers due to non-identified age and gender in some records.
 2. Region split first reported in 2016.
 3. 'Australia' includes employees located in Australia, UK, USA, Asia and Pacific.

Voluntary attrition by gender, age and region¹ (%)

	2018	2017	2016	2015	2014
Attrition by gender (%):					
Female	9	9	10	10	10
Male	11	10	11	12	10
Attrition by age (%):					
≤ 24	18	16	20	18	17
25-34	14	13	15	14	13
35-44	10	10	10	10	9
45-54	6	6	7	7	6
≥ 55	4	4	5	5	5
Attrition by region²					
Australia ³	10	9	11	-	-
New Zealand	10	10	11	-	-

1. Age and gender totals may not match overall reported numbers due to non-identified age and gender in some records.
 2. Region split first reported in 2016.
 3. Australia³ includes employees located in Australia, UK, USA, Asia and Pacific.

Inclusion and diversity

Women in leadership (%)

	2018	2017	2016	2015	2014
Board ¹	22	22	22	22	44
Executive	45	41	36	26	28
Senior Manager	47	46	44	42	39
Manager	54	51	49	47	45
Group total	50	50	48	46	44

1. Board not included in Group total.

Tenure and gender profile¹ (%)

	2018			2017		
	Female	Male	Total	Female	Male	Total
<1 Yr	10	13	12	12	14	13
1 Yr	9	11	10	9	12	10
2-3 Yrs	14	17	15	13	17	15
4-5 Yrs	10	11	11	9	10	10
6-10 Yrs	20	21	20	23	22	22
11-15 Yrs	15	12	13	13	10	12
16-20 Yrs	9	6	8	8	6	7
21 Yrs +	13	9	11	12	9	11

1. Age and gender totals may not match overall reported numbers due to non-identified age and gender in some records.

Age and gender profile¹ (%)

	2018			2017		
	Female	Male	Total	Female	Male	Total
≤ 24	5	6	5	5	6	6
25-34	27	27	27	28	28	28
35-44	30	33	31	29	32	31
45-54	23	23	23	23	23	23
≥ 55	15	12	13	14	11	13

1. Age and gender totals may not match overall reported numbers due to non-identified age and gender in some records.

Age profile of workforce compared to national labour force (%)¹

	2018					2017				
	≤24	25-34	35-44	45-54	≥55	≤24	25-34	35-44	45-54	≥55
Westpac Group - Australia	5	26	32	23	13	5	28	32	23	12
Australian labour force	16	24	21	20	19	16	23	21	20	19
Westpac Group - New Zealand	6	25	26	26	18	7	26	25	26	16
New Zealand labour force	14	22	19	21	24	14	22	19	22	24

1. Age and Gender totals may not total to 100% due to non-identified age and gender in some records.

Percentage of basic salary - female to male¹

	2018	2017	2016	2015 ²	2014
Administrator	107	106	109	109	111
Senior Administrator	98	99	99	99	99
Team lead/supervisor	100	100	100	99	99
Manager	99	99	99	99	99
Middle Manager	97	97	98	99	98
Senior Manager	97	97	96	95	94
Executive	81	83	78	87	97

1. Calculated as (base salary - female average salary as a % of male average salary); ratios for the Group.

2. Change in Executive level in 2015 attributable to a male CEO replacing a female CEO.

Parental leave

			2018	2017	2016	2015	2014
	Female	Male	Total	Total	Total	Total	Total
Australia¹							
Employees accessing parental leave	1,754	744	2,498	2,662	2,722	2,862	3,059
Rate of return from parental leave (%)	97	92	95	95	95	95	-
Employees still employed 12 months after return to work (%) ¹	89	86	88	-	-	-	-
New Zealand							
Employees accessing parental leave ²			111	131	127	144	120
Rate of return from parental leave (%)			97	95	96	92	85

1. Breakdown by gender and employees still employed 12 months after return to work first reported in 2018.

2. 2014 to 2015 restated to align with Australian calculation methodology.

Indigenous employment

	2018	2017	2016	2015
Aboriginal and Torres Strait Islander new-to-bank hires - Australian (%)	4.3	4.5	3.4	4.1

Health, safety and wellbeing

Injury frequency rates

	2018	2017	2016	2015	2014
Lost Time Injury Frequency Rate - Group ¹	0.4	0.6	0.8	0.8	1.1
Total Reportable Injury Frequency Rate - Group ²	3.9	7.2	8.6	-	-

1. No work-related fatalities were reported during this period.

2. Reported for the first time in 2016.

Employee Assistance Program utilisation

	2018	2017 ¹	2016 ¹	2015	2014
Employee Assistance Program utilisation (%)	9.0	7.6	6.4	5.2	5.2

1. Increase reflects expansion of services including nutrition and domestic and family violence support.

Absenteeism¹

	2018	2017	2016	2015	2014
Australia	3.2	3.2	3.5	3.4	3.3
New Zealand	2.9	2.4	2.3	2.2	2.2

1. Calculated as number of actual absenteeism days lost (due to incapacity of any kind) as a percentage of total days (FTE) scheduled to be worked by workforce.

Occupational health and safety training¹

	2018	2017	2016	2015	2014
Group (%)	95	95	96	96	-
Australia, UK and USA (%)	-	-	-	-	94
New Zealand (%)	-	-	-	-	93

1. Data changed to Group-wide reporting since moving to a consistent global training platform in 2015.

Training and capability

Average hours of training per employee

	2018	2017	2016 ²	2015	2014
Australia ¹	19.2	19.1	17.6	20.9	18.1
New Zealand	28.9	21.3	12.7	11.6	8.1
Group average	20.0	19.3	17.1	20.0	-

- ¹ 'Australia' includes employees located in Australia, UK, USA and Asia.
- ² Restatements made to data from past years to reflect updated calculation methodology.

Conduct and compliance

Doing The Right Thing training^{1,2}

	2018	2017	2016	2015	2014
Group (%)	97	97	96	97	-
Australia, UK and USA (%)	-	-	-	-	97
New Zealand (%)	-	-	-	-	93

- ¹ The course covers a range of topics including: Equal Employment Opportunity, Accessibility, Core Compliance & Operational Risk, Giving Advice, Conflicts of Interest, Privacy, The Technology Code of Use, AML/CTF and Sanctions, Use of Customer Data, Fraud, Social Media Use, Whistle Blower Protection, Raising Your Concerns and Ethical Awareness.
- ² Data has changed from being geographically broken down to Group-wide reporting as we have moved to a consistent global training platform in 2015.

Whistleblower reporting¹

Reportable Conduct categories	2018		2017		2016		2015		2014	
	Total ⁴	Substantiated	In Progress	Total ⁴	Total	Total	Total	Total	Total	
Dishonest conduct	85	30	7	92	82	90	66			
Fraudulent or other illegal activity ²	13	3	1	13	4	3	-			
Audit issues	-	-	-	6	-	-	-			
Significant people or HR issues ³	121	34	12	142	104	81	69			
Substantial health and safety risk	13	3	2	16	5	15	6			
Corrupt Conduct	5	3	-	4	-	-	-			
Other Significant Issues	52	22	1	71	14	18	16			
Total number of new concerns	289	95	23	344	209	207	157			

- ¹ Whistleblower Policy to be known as Speaking Up from November 2018.
- ² Includes anti-money laundering issues and theft of Westpac property. Other fraud-related concerns are reported under Dishonest Conduct (Breach of Westpac Policies and Codes).
- ³ Includes items redirected to other channels.
- ⁴ Excludes concerns raised for testing purposes.

Remuneration

	2018 ¹
Australia	
Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	94:1
Ratio of percentage increase in annual total compensation for highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	1.48:1
New Zealand	
Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	38:1
Ratio of percentage increase in annual total compensation for highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	1.8:1

- ¹ Based on prior financial year compensation due to timing of Group remuneration review.

Customers

Our vision is to be one of the world's great service companies, helping our customers, communities and people to prosper and grow. We measure and report against a number of indicators to track our progress, including the strength and depth of our customer relationships, progress on our digital transformation strategy, how we are improving access to banking services, enabling our customers to bank when and where they need, the number and types of complaints received – all areas which deliver against the Group's Digital transformation and Service leadership strategic priorities.

See [Digital innovation](#) and [Service leadership](#) for a strategic update of our progress.

Customer numbers

	2018	2017 ¹	2016	2015 ¹	2014 ¹
Total customers (millions)	14.2	13.9	13.4	13.2	12.9

1. Prior figures restated due to updated definition of Westpac online investing customers to align with reporting standards in other areas of the business.

Customer advocacy

	2018	2017	2016	2015	2014
Australia					
Net Promoter Score (NPS) – consumer ¹	-6.8	+0.9	-0.4	+1.3	-
Net Promoter Score (NPS) – business	-12.9	-6.7	-8.7	-0.7	+1.2
New Zealand					
Net Promoter Score (NPS) – consumer	+8	+2	+0	+5	+2

1. Prior figures restated due to change in NPS supplier. 2014 NPS result is not available.

Digital transformation

	2018	2017	2016 ¹	2015	2014
Digitally active customers (%) – Group	40	38	37	37	37
Digitally active customers (millions) – Group	5.6	5.3	4.9	4.9	4.7
Mobile active customers (millions) – Australia ²	4.1	3.4	2.8	-	-

1. Prior years' figures not comparable due to the restructure of Consumer Bank and Business Bank.

2. 2017 restated to reflect Australia only. Reported for the first time in 2016.

Access to financial services

	2018	2017	2016	2015	2014
Australia					
Branches	1,006	1,046	1,085	1,201	1,292
Branches with 24/7 banking capability (%) ²	29	27	24	18	12
Westpac customer access to Bank@Post outlets ¹	3,565	3,578	3,585	3,586	-
ATMs	2,542	2,916	3,007	3,068	3,105
Smart ATMs (%)	53	44	41	34	27
Connect Now/Business Connect facilities ²	1,014	1,004	993	991	324
New Zealand					
Branches	163	169	189	189	193
Branches with 24/7 banking capability (%)	59	50	50	49	40
ATMs	538	611	620	639	628
ATMs with 'Smart' (deposit-taking) functionality (%)	33	29	26	24	21
Westpac Pacific					
Branches ²	35	36	36	39	49
ATMs ²	142	138	130	143	157
Group					
Branches ²	1,204	1,251	1,310	1,429	1,534

1. Westpac's agreement with Bank@Post was formalised in December 2014 and extended in October 2018. 2017 figure restated due to new data available in 2018.

2. Restatements made in order to reflect updated calculation methodology.

Customer complaints

	2018	2017	2016	2015	2014
Australia					
Number of complaints ¹	35,646	31,884	38,765	56,263	77,973
Number of complaints referred by customers to ombudsmen / external dispute resolution bodies ²	4,247	4,035	3,674	3,143	2,546
Change in customer complaints from prior year (%) ¹	11.8	(17.8)	(31.1)	(27.8)	(19.7)
Complaints resolved within five days (%) ²	59	53	62	63	77
Australian Banking complaints types (%) ²					
Commercial/business decision	8.0	8.0	7.8	6.6	5.2
Communication/information/advice	14.6	14.9	14.0	14.5	16.1
Process and procedure issues and errors	42.4	42.0	42.2	40.5	34.3
Product features	6.4	5.4	5.4	7.3	8.6
Fees, charges and interest rates	12.3	13.1	11.2	11.4	17.0
Staff or service quality issues	16.0	16.7	19.2	19.5	18.9
Other	0.2	0.0	0.1	0.2	0.1
New Zealand					
Number of complaints	17,642	20,924	26,566	28,510	34,854
Change in customer complaints from prior year (%) - New Zealand ³	(15.7)	(21.2)	(6.8)	(18.2)	(15.7)
Complaints types (%):					
Bank error	10	11	11	12	14
Commercial/business decision	2	2	1	1	1
Fees, charges and interest	26	33	41	43	49
Financial advisor service	0	-	-	-	-
Process and procedure	14	13	13	15	13
Product features	5	5	4	4	3
Service	18	19	16	17	14
System and equipment	25	17	13	8	6

	2018	2017	2016	2015	2014
BT Financial Group					
Number of complaints	5,716	5,399	6,644	11,672	10,759
Complaints types (%)					
Product, commercial and business decisions	42	43	45	47	-
Information and advice	8	6	6	3	-
Fees, charges and interest rates	13	9	8	8	-
Errors, process and procedure	17	18	19	23	-
Staff or service quality	16	19	18	14	-
Other	4	4	5	5	-
General Insurance complaints					
Number of claims	51,551	52,388	53,956	51,779	45,736
Number of complaints ⁴	1,099	1,428	1,370	1,861	-
% of complaints ⁴	2.1	2.6	2.6	3.8	-
Life and risk insurance complaints					
Number of policies	530,537	547,277	549,082	534,117	465,415
Number of complaints ⁴	1,077	1,065	1,107	1,797	-
% of complaints ⁴	0.2	0.2	0.2	0.3	-

1. Includes BT Financial Group, excludes WIB.

2. Excludes BT Financial Group, WIB and RAMS.

3. Prior figures restated to align with Australian calculation methodology.

4. Data prior to 2015 not comparable due to updated calculation methodology.

Customer Advocate

	2018		
	General banking	Insurance, investment and superannuation	Group
Matters referred to Customer Advocate directly by customers (closed)	312	34	346
Outcomes of decisions by type (%):			
Resolved in favour of the bank	34%	45%	36%
Resolved in favour of the customer ¹	66%	54%	64%
Enhanced resolution for the customer ²	33%	21%	31%
Substituted a new resolution for the customer	33%	33%	33%
Matters referred to Customer Advocate internally for advice³	535	10	545

1. Percentage is the sum of 'Enhanced resolution for the customer' and 'Substituted a new resolution for the customer' below.

2. Agreed with Bank's decision, but took further action to deliver a fair outcome.

3. Where our business consulted the Customer Advocate team on a fair outcome for the customer.

Sustainable lending and investment

The tables below bring together information to provide a better understanding of our performance on sustainable lending and investment. This includes aspects of our lending profile, how we have applied the Equator Principles, BT Financial Group portfolio carbon intensities, and the value of our lending and deposits that back initiatives and projects that create positive societal outcomes – all areas which deliver against the Group's Performance Discipline and Targeted Growth strategic priorities. See [Positive societal impact](#) and [Value chain risk](#) for a strategic update of our progress.

Group lending profile (\$m)¹

	Australia	New Zealand	Other	Total
Accommodation, cafes and restaurants	9,905	359	111	10,375
Agriculture, forestry and fishing	10,849	8,833	18	19,700
Construction	10,018	906	177	11,101
Finance and insurance	68,054	5,979	22,894	96,927
Government, administration and defence	49,072	4,370	2,887	56,329
Manufacturing	16,800	3,893	7,953	28,646
Mining	6,823	306	2,384	9,513
Property, property services and business services	79,288	8,766	3,222	91,276
Services ²	19,878	2,340	645	22,863
Trade ³	25,994	3,594	5,644	35,232
Transport and storage	15,144	1,815	1,442	18,401
Utilities ⁴	9,219	2,613	1,081	12,913
Retail lending	544,060	55,103	1,140	600,303
Other	7,791	526	30	8,347

1. Exposure at default (EAD).

2. Includes education, health and community services, cultural and recreational services, and personal and other services.

3. Includes wholesale trade and retail trade.

4. Includes electricity, gas and water, and communication services.

Sector specific lending profiles¹

	2018	2017	2016	2015	2014
Climate change solutions - Australia and New Zealand					
Total attributable financing (\$m)	9,113	6,979	6,193	6,054	7,978
Distribution by technology type (%):					
Green buildings	47.7	56.5	55.3	54.3	66.2
Renewable energy projects	28.8	31.9	34.2	34.6	24.7
Low-carbon transport	13.2	-	-	-	-
Adaptation infrastructure	3.4	-	-	-	-
Forestry	2.8	4.4	5.3	5.4	3.5
Waste	1.7	3.1	3.1	3.7	3.5
Low-carbon infrastructure	1.1	-	-	-	-
Energy efficiency	0.8	0.3	0.5	0.6	0.6
Green businesses	0.1	0.2	0.4	0.9	0.9
Water	-	-	-	0.2	0.2
Land remediation	-	-	-	0.1	0.1
Other	0.1	3.6	1.3	0.2	0.2
Electricity generation - Australia and New Zealand					
Total attributable financing (\$m)	3,514	3,225	3,099	3,330	3,197
Distribution by fuel type (%):					
Renewable ²	71.4	65.6	59.4	60.7	58.6
Other renewable	46.4	36.1	25.6	29.8	28.4
Hydro	24.9	29.5	33.8	30.9	30.2
Gas	14.1	17.4	19.7	20.8	20.4
Black coal	11.8	14.1	15.8	14.3	15.6
Brown coal	1.9	1.9	3.1	2.9	4.0
Liquid fuel	0.8	1.0	2.0	1.4	1.4
Westpac electricity generation portfolio emissions intensity (tCO ₂ e/MWh) ³	0.28	0.36	0.38	0.38	0.41
Benchmark emissions intensity (NEM t/CO ₂ -e/MWh) ³	0.82	0.86	0.90	0.91	0.87
Enhanced lending criteria to coal-fired generation (reliability, affordability, emissions reduction) ⁵	Compliant	-	-	-	-

	2018	2017	2016	2015	2014
Mining					
Total mining exposure (\$m)	10,735	9,692	11,319	14,423 ⁴	-
Distribution by customer primary commodity (%):					
Oil and gas extraction	37	39	44	47	-
Other metal ore mining	18	20	15	19	-
Mining services	15	13	12	15	-
Coal mining	13	6	8	9	-
Iron ore mining	10	14	12	5	-
Other	7	8	9	5	-
Enhanced lending criteria to existing thermal coal sector customers (calorific value >5,700 kCal/kg) ⁵	Compliant	-	-	-	-
Enhanced lending to new thermal coal mines or projects (calorific value >6,300 kCal/kg) ⁵	Compliant	-	-	-	-

1. All data is based on total committed exposures (TCE).
2. Percentage of Renewable lending is the sum of exposure listed as Hydro and Other renewable below.
3. Reported for Australia only.
4. Increase in Group exposure partly due to reclassification of certain conglomerate customers to mining in 2H15.
5. Metric introduced in 2018 as part of our Climate Change Position Statement & 2020 Action Plan.

Positive impact finance¹

	2018
Positive impact lending (\$m)	11,074
Positive impact deposits (\$m)	14,086
Total positive impact finance (\$m)	25,160

1. Includes lending to climate change solutions and environmental services, microfinance, as well as lending, deposits and wealth products for Indigenous Australian banking customers and customers in the social sector.

Application of Equator Principles

Reporting on performance

	2018	2017	2016	2015	2014
Loan value (\$m) ¹	772.9	891.1	617.4	1,065.2	851.2
Transactions Closed					
Number of Category A transactions	-	-	-	-	-
Number of Category B transactions	9	7	3	7	5
Number of Category C transactions	1	-	1	1	-
Total transactions closed	10	7	4	8	5
Equator Principles - loan value by sector (%)					
Infrastructure	33	71	47	80	62
Power	57	23	9	6	-
Natural resources	10	6	45	14	38
Equator Principles - loan value by geography (%)					
Pacific	10	21	-	34	10
Australia	90	79	100	66	90
Equator Principles - loan value by category (%)					
Category A	-	-	-	-	-
Category B	94	100	76	91	100
Category C	6	-	24	9	-

1. Loan value represents Total Committed Exposures as at 5 October 2018 (New Zealand dollars have been converted at 1 AUD = 1.09 NZD).

Details of project finance transactions in accordance with EP III (FY18)¹

Sector	Project name	Independent Due Diligence
Infrastructure	Melbourne Metro	Yes
Infrastructure	Outer Suburban Arterial Roads	Yes
Power	Stockyard Hill Wind Farm	Yes
Power	Lal Lal Wind Farm	Yes
Power	Crudine Ridge Wind Farm	Yes
Power	Murra Warra Wind Farm (Stage 1)	Yes
Power	Granville Harbour Wind Farm	Yes
Power	Emerald Solar Farm	Yes
Power	Houghton Solar Farm	Yes
Natural Resources	Project Tasman	Yes

1. Ordinarily Westpac does not disclose details regarding companies or projects. However, as per the requirement of Equator Principles III (EP III) reporting, and with approval from customers, we disclose details regarding specific transactions.

Assessing impacts

The following has been highlighted amongst the main environmental impacts of projects approved by Westpac in 2018.

Key impacts assessed	Environmental	Social
Infrastructure	Air pollution, Ground and surface water management, Impact on terrestrial flora and fauna	Noise pollution, Archaeological and Heritage
Power	Carbon Emissions and Containment, Contaminant management, Impact on terrestrial flora and fauna	Noise pollution, Archaeological and Heritage
Natural resources	Air pollution, Contaminant management, Ground and surface water management, Impact on terrestrial flora and fauna	Noise pollution, Archaeological and Heritage

BT Financial Group portfolio carbon intensity

Product/Fund	Weighted Average Carbon Intensity ¹		% of Fund covered by analysis ²	Exposure to carbon-related assets ³	
	Footprint (CO ₂ e/\$m)	Benchmark		Fund exposure %	Benchmark exposure %
LSEP/AESA/BTSFL/WGP/BTBS					
MySuper Lifestage 1940s	248.6	261.7	18.4	20.7	21.2
MySuper Lifestage 1950s	242.3	259.2	25.7	20.2	20.9
MySuper Lifestage 1960s	234.7	253.2	49.7	19.5	20.3
MySuper Lifestage 1970s	232.0	251.8	74.7	19.3	20.1
MySuper Lifestage 1980s	232.0	251.8	74.7	19.3	20.1
MySuper Lifestage 1990s	232.0	251.8	74.7	19.3	20.1
MySuper Lifestage 2000s	232.0	251.8	74.7	19.3	20.1
Westpac Group Plan Diversified Options					
WGP Active Defined Benefit Option	242.6	253.2	44.4	19.7	20.3
WGP Pension Defined Benefit Option	244.4	253.2	27.1	19.9	20.3
WGP Moderate Growth Option	242.7	255.4	23.1	19.7	20.5
WGP Balanced Growth Option	241.6	253.2	41.4	19.6	20.3
WGP Higher Growth Option	238.5	250.2	62.5	19.2	19.9
Advance Diversified Multi-Blend Funds					
Advance Defensive Multi-Blend Fund	241.7	258.1	21.0	21.1	20.8
Advance Moderate Multi-Blend Fund	241.3	257.3	41.7	21.1	20.7
Advance Balanced Multi-Blend Fund	239.5	254.6	59.1	20.9	20.4
Advance Growth Multi-Blend Fund	237.3	252.8	72.5	20.6	20.2
Advance High Growth Multi-Blend Fund	236.6	251.9	81.2	20.5	20.1
BT Multi-manager Diversified Funds					
BT Multi-manager Conservative Fund	241.7	258.1	21.0	21.1	20.8
BT Multi-manager Balanced Fund	239.5	254.6	59.1	20.9	20.4
BT Multi-manager Growth Fund	237.3	252.8	72.5	20.6	20.2
BT Multi-manager High Growth Fund	236.6	251.9	81.2	20.5	20.1
BT Diversified Index Funds					
BT Defensive Index Fund	-	269.4	20.0	-	22.0
BT Moderate Index Fund	-	266.7	40.0	-	21.7
BT Balanced Index Fund	-	260.6	58.0	-	21.1
BT Growth Index Fund	-	260.9	70.0	-	21.1
BT High Growth Index Fund	-	256.9	88.0	-	20.7

1. Measurement of the Scope 1 and Scope 2 weighted average carbon emission intensity for the investment portfolios based on their exposure to Australian and International equities at 30 June 2018. The weighted average carbon intensity is measured as the portfolio's exposure to each company's carbon intensity. Each company's carbon intensity is expressed in tonnes of carbon dioxide equivalents (tCO₂e) per million Australian dollars of revenue. This metric is calculated consistently with the guidance for Asset Owners contained in the Annex to the "Recommendations of the Task Force on Climate-related Financial Disclosures" (TCFD). This metric reflects the portfolio's Australian and International equities allocations, excluding other asset classes as described below. The Fund's overall carbon intensity is derived using the % of Fund covered by the analysis.
2. This metric shows the portion of Australian and International equities on which the analysis has been calculated. Portfolio exposures not covered by the analysis may include, for example, cash holdings and derivatives as well as other asset classes such as fixed interest, listed property and emerging market securities.
3. Weight within the Australian and International equities allocation invested in the most carbon-intensive sectors. The Fund's overall exposure to these carbon-related assets is derived using the % of Fund covered by the analysis. This metric is calculated consistently with the guidance for Asset Owners contained in the TCFD, however the sectors that constitute the carbon-related assets have been adjusted for characteristics of the Australian benchmark. The following sectors are the most carbon-intensive under the Global Industry Classification Standard:
 - Utilities (GICS code 55, excluding the water utilities industry and the renewable electricity sub-industry);
 - Energy (GICS code 10); and
 - Materials (GICS code 15).

Notes

- All carbon intensity data has been provided by TruCost Plc, a leading provider of environmental data.
- Data may change over time as holdings within the Fund change.
- A lower number against benchmarks means the Fund is less emissions intensive, or has less exposure to carbon intensive industries, as compared to its benchmark.
- Whilst the actual exposures within the BT Diversified Index Funds may vary from the benchmark, it is expected that over time these Funds closely track their respective indices.
- BT Financial Group does not actively manage these Funds to a carbon benchmark; the analysis is used to understand where risks may lie within the portfolios, and provide customers with information on the investments they hold.

Environment

For our direct environmental performance, we measure and report against a number of indicators. These include our greenhouse gas (GHG) emissions, energy use, paper consumption, waste and recycling, water use, and business travel – all areas that support and contribute to the Group's strategic priorities of Performance Discipline, Digital Transformation and Workforce Revolution. All data reflects a 1 July – 30 June reporting year, unless otherwise stated.

For our indirect environmental performance, e.g. our lending to Climate Solutions, see [Sustainable lending and investment](#) performance. Further details related to our indirect environmental performance are included in [Positive societal impact](#) and [Value chain risk](#).

GHG emissions

Group GHG emissions summary¹

	2018	2017	2016	2015	2014
GHG emissions (tCO₂e)					
Total Scope 1 emissions	9,824	9,274	11,102	10,830	10,270
Total Scope 2 emissions	118,515	124,963	145,599	164,976	168,178
Total Scope 3 emissions	65,249	68,828	63,347	68,484	81,774
Total Scope 1 and 2 emissions (tCO₂e)	128,339	134,237	156,701	175,806	178,448
Total Scope 1, 2 and 3 emissions (tCO₂e)	193,588	203,065	220,048	244,290	260,222

1. Includes Westpac Group operations in Australia, New Zealand, the United Kingdom and the Pacific.

Group energy summary¹

	2018	2017	2016	2015	2014
Energy consumption (GJ)					
Energy consumption - Fuels	108,858	101,576	126,091	131,394	123,616
Energy consumption - Electricity	601,669	633,211	722,567	778,393	790,828
Total energy consumption (GJ)	710,526	734,787	848,658	909,787	914,444

1. Includes Westpac Group operations in Australia, New Zealand, the United Kingdom and the Pacific.

Absolute GHG emissions

	Group			Australia			New Zealand			Pacific			UK		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Scope 1 emissions (tCO₂e)															
Stationary energy – Natural gas	1,411	1,057	1,033	668	595	633	316	254	331	0	4	1	427	204	67
Stationary energy – Diesel	348	387	226	332	275	42	-	-	-	16	112	184	-	-	-
Stationary energy – LPG	2	-	1	-	-	1	2	-	-	-	-	-	-	-	-
Transport – Fleet vehicles	5,652	5,503	7,070	3,841	3,754	4,952	1,512	1,486	1,703	299	263	414	-	-	-
Refrigerants	2,413	2,327	2,773	2,271	2,166	2,617	142	161	155	-	-	-	-	-	-
Total Scope 1 emissions (tCO₂e)	9,824	9,274	11,102	7,112	6,790	8,245	1,971	1,901	2,190	315	379	599	427	204	67
Scope 2 emissions (tCO₂e)															
Purchased electricity	118,515	124,963	145,599	114,669	121,224	141,576	2,222	1,807	2,328	1,537	1,847	1,379	88	85	317
Total Scope 1 and 2 emissions (tCO₂e)	128,339	134,237	156,701	121,780	128,014	149,821	4,193	3,708	4,518	1,851	2,226	1,978	515	289	384
Scope 3 emissions (tCO₂e)															
Base building emissions ¹	17,634	21,530	18,553	17,634	21,530	18,553	-	-	-	-	-	-	-	-	-
Transmission and distribution losses ²	17,728	18,922	20,416	17,494	18,709	20,152	234	213	263	-	-	-	-	-	-
Transport – Fleet vehicles	199	198	263	199	198	263	-	-	-	-	-	-	-	-	-
Business travel – Air	14,409	9,854	10,531	12,986	8,354	8,500	1,009	1,113	1,758	98	87	-	316	301	274
Business travel – Couriers ³	3,027	5,122	-	3,027	5,122	-	-	-	-	-	-	-	-	-	-
Business travel – Hire vehicles & personal vehicles ⁴	146	211	234	37	94	116	109	117	118	-	-	-	-	-	-
Business travel – Taxis	125	514	586	62	448	479	49	53	54	-	-	-	-	-	-
Business travel – Hotels ⁵	2,623	2,356	2,382	2,574	2,303	2,328	63	66	107	-	-	-	-	-	-
Paper consumption	6,885	7,805	7,695	6,670	7,247	7,190	185	533	447	27	23	44	4	2	14
Waste – Landfill	1,907	1,706	2,028	1,848	1,637	1,922	59	69	106	-	-	-	-	-	-
Water ⁶	566	611	660	566	611	660	-	-	-	-	-	-	-	-	-
Total Scope 3 emissions (tCO₂e)	65,249	68,829	63,347	63,095	66,253	60,163	1,708	2,164	2,853	125	110	44	320	303	288
Total Scope 1, 2 and 3 emissions (tCO₂e)	193,588	203,066	220,048	184,876	194,267	209,984	5,901	5,872	7,371	1,976	2,336	2,022	835	592	672

1. NZ 2014 data restated due to finalised 2014 emission factors from NZ Ministry for the Environment. Pacific 2014 Data restated to ensure consistency of calculation methodology.

2. Reported for Australia only.

3. Emissions from personal vehicles are reported for New Zealand only. Hire vehicles are reported for both Australia and New Zealand.

4. Reported for Australia and New Zealand only.

5. Reported for Australia only.

GHG emissions intensity

	Group			Australia			New Zealand		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Scope 1 and 2 emissions (tCO ₂ e)/employee (FTE)	3.7	3.9	4.4	4.1	4.4	4.8	1.0	0.8	1.1
Scope 1 and 2 emissions (tCO ₂ e)/m ²	0.1	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0

Energy

Energy consumption

	Group			Australia			New Zealand			Pacific			UK		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Energy consumption - Fuels (GJ)															
Stationary energy - Natural gas	18,829	16,287	18,452	12,962	11,553	12,291	5,858	4,710	6,148	-	20	12	8	4	1
Stationary energy - Diesel	5,656	5,517	3,229	4,728	3,922	591	-	-	-	-	-	-	-	-	0
Stationary energy - LPG	28	1	19	3	1	19	26	-	-	-	-	-	-	-	0
Transport - Fleet vehicles	84,344	79,772	104,391	55,375	54,971	73,064	22,408	21,083	24,177	6,561	3,718	7,150	-	-	0
Total energy consumption - Fuels (GJ)	108,858	101,577	126,091	73,068	70,447	85,965	28,292	25,793	30,325	6,561	3,738	7,162	8	4	1
Energy consumption - Electricity (GJ)															
Purchased electricity	601,669	633,211	722,567	511,505	534,488	616,138	72,708	78,938	83,807	15,735	18,914	19,853	1,720	871	2,767
Total energy consumption (GJ)	710,526	734,787	848,658	584,573	604,935	702,104	101,000	104,731	114,133	22,296	22,652	27,015	1,729	875	2,769

Energy intensity

	Group			Australia			New Zealand		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Energy (GJ)/employee (FTE)	20.3	21.1	23.1	19.8	20.7	22.6	23.3	23.5	27.5
Energy (GJ)/m ²	0.8	0.8	1.0	0.8	0.8	1.0	0.9	0.9	1.0

Paper consumption

Paper consumption

	2018	2017	2016	2015	2014
Paper consumption (tonnes)					
Australia	1,873	2,213	2,890	4,319	4,741
New Zealand	289	493	414	537	593
Pacific ¹	18	18	59	71	54
UK	10	2	9	2	2
Total paper consumption	2,189	2,726	3,372	4,929	5,390
Percentage of carbon neutral paper (%) - Australia	34	20	30	28	15
Percentage including FSC accredited content (%) - Australia ²	73	95	85	81	82
Percentage including recycled content (%) - Australia	12	5	15	12	18

1. Pacific paper consumption for 2013 and 2014 restated to align with calculation methodology used in other regions.
 2. All New Zealand office paper is FSC accredited. All UK office paper is recycled paper.

Office paper consumption

	2018	2017	2016	2015	2014
Office paper (tonnes)/employee (FTE) - Australia	0.06	0.08	0.09	0.15	0.16
Office paper (tonnes)/employee (FTE) - New Zealand	0.07	0.11	0.10	0.12	0.13

Waste and recycling

Recycling

	2018	2017	2016	2015	2014
Paper recycling (tonnes)					
Australia ¹	1,727	1,663	2,039	2,234	2,194
New Zealand	521	428	618	583	666
United Kingdom	10	9	9	9	9
Total paper recycling (tonnes)	2,258	2,100	2,666	2,826	2,869
General recycling (tonnes)					
Australia - Commercial	873	446	600	746	787
Australia - Retail	93	83	83	143	145
New Zealand	27	393	86	91	n/a
United Kingdom	2	2	2	2	2
Total general recycling (tonnes)	995	924	772	982	934
Specialty recycling (tonnes)					
Australia - Fluorescent tubes ²	1.9	9.2	3.6	2.9	4.3
Australia - E-waste	100.5	18.3	64.9	220.2	28.6
Total specialty recycling (tonnes)	102.4	27.5	68.5	223.1	32.9
Total recycling (tonnes)	3,355	3,052	3,506	4,031	3,836

1. Australian data restated from 2014 and 2013 to remove cardboard recycling. Cardboard recycling is reported under General Recycling.
 2. Australia participates in the Fluorocycle Program.

Waste to landfill

	2018	2017	2016	2015	2014
Waste to landfill (tonnes)					
Australia - Commercial	1,194	1,032	1,147	1,114	1,090
Australia - Retail	346	332	332	391	505
New Zealand	108	128	151	183	222
Total waste to landfill	1,648	1,492	1,629	1,688	1,817

Water

Water consumption

	2018	2017	2016	2015	2014
Water consumption (kL)					
Australia - Commercial	185,659	214,562	262,448	355,484	337,206
Australia - Retail	192,064	234,385	222,907	248,580	229,016
Total water consumption	377,723	448,947	485,354	604,064	566,222

Water intensity

	2018	2017	2016	2015	2014
Water consumption (kL/m²)					
Australia - Commercial	0.50	0.60	0.72	1.10	0.97
Australia - Retail	0.49	0.60	0.56	0.60	0.56

Business travel

Land travel

	2018	2017	2016	2015	2014
Fleet - Total distance travelled (m km)					
Australia	19	18	23	23	22
New Zealand	-	-	-	9	-
Hire vehicles & personal vehicles - Total distance travelled (m km)¹					
Australia	0.2	0.5	0.6	0.7	0.4
New Zealand	0.1	0.6	0.6	0.7	0.5
Fleet - Emissions/vehicle (tCO₂e/vehicle)					
Australia	4.1	4.2	4.6	4.7	4.8
New Zealand	4.7	4.3	4.5	4.7	4.3
Fleet - Fuel consumption/vehicle (kL/vehicle)					
Australia	1.6	1.8	2.0	2.1	2.1
New Zealand	1.7	1.6	1.6	1.7	1.6

1. Emissions from personal vehicles are reported for New Zealand only. Hire vehicles are reported for both Australia and New Zealand.

Air travel

	2018	2017	2016	2015	2014
Distance travelled - Domestic					
Australia (m pkm) ¹	50.2	48.5	45.8	53.8	50.6
New Zealand (m pkm)	4.2	4.8	7.0	5.7	5.3
United Kingdom (m pkm)	1.6	0.3	0.2	0.3	0.4
Total distance travelled - Domestic	56.1	53.5	53.0	59.8	56.3
Distance travelled - International					
Australia (m pkm)	28.2	21.3	23.4	28.6	24.0
New Zealand (m pkm)	2.5	3.4	4.7	4.1	3.3
United Kingdom (m pkm)	1.4	1.3	1.5	2.2	1.8
Total distance travelled - International	32.1	26.0	29.6	34.9	29.1
Total distance travelled	88.2	79.4	82.6	94.7	85.4

1. From 2015, all Trans-Tasman air travel is reported under International. Prior to 2015, Trans-Tasman air travel was included as Domestic travel for Australia.

Suppliers

Recognising that the actions of our suppliers are important to our sustainability performance, our responsible sourcing approach provides a strong foundation for us to manage risks and opportunities in our supply chain. This is achieved through clear standards of ethical, social and environmental business practices for suppliers, outlined in our Responsible Sourcing Code of Conduct. Our Supplier Inclusion and Diversity Policy formalises our aspiration to increase the proportion of products and services we buy from businesses that are driven by a social or environmental mission, or that support people who have traditionally been financially excluded. To track the sustainability performance of our supply chain, we measure and report on a number of indicators, including the extent of our assessment of suppliers against our Responsible Sourcing Code of Conduct and the number of and spend with Indigenous suppliers. These metrics will continue to expand as we implement our new policies.

Our supplier programs support and contribute to the Group's Performance Discipline and Targeted Growth strategic priorities, and strategic updates are included in [Positive societal impact](#) and [Value chain risk](#).

All information reported (with the exception of supply chain spend) reflects Australia data only. We have continued the process of extending the principles of the Responsible Sourcing Code of Conduct to other geographies.

Total supply chain spend¹

	2018	2017	2016	2015	2014 ²
Australia (\$bn)	5.41	4.97	4.37	4.97	5.37
New Zealand (\$bn)	0.67	0.63	0.54	0.46	0.50
Total supply chain spend (\$bn)	6.08	5.60	4.90	5.43	5.87

1. Includes only spend captured through Group reporting systems. Excludes in-country spend.

2. Spend in 2014 restated to reflect a change in definition to exclude a number of expenditure items not directly involving suppliers, for instance staff reimbursements.

Indigenous Australian suppliers

\$ million	2018	2017	2016	2015	2014
Spend with Indigenous Australian suppliers - Tier 1	2.8	2.5	1.6	1.2	-
Spend with Indigenous Australian suppliers - Tier 2	1.03	0.30	0.13	0.04	-
Total spend with Indigenous Australian suppliers	3.83	2.80	1.73	1.24	-
Number of Indigenous Australian suppliers (cumulative) ¹	65	51	44	27	-

1. Prior periods updated due to new information on suppliers.

Suppliers by type¹

	2018	2017	2016	2015	2014
Percentage of supply chain spend					
Products, marketing and digitisation (%)	13	14	14	14	-
Operations and property (%)	13	13	12	11	-
Workforce enablement, services and wealth (%)	19	18	17	19	-
IT and telecommunications (%)	33	31	30	31	-
Other (%)	21	24	27	25	-

1. % of total suppliers.

Responsible sourcing¹

	2018	2017	2016	2015	2014
Number of suppliers assessed against Responsible Sourcing Code of Conduct	100	31	-	-	-
Top Suppliers self-assessed (SSCM) - Australia (%) ²	0	73	100	100	100
Top suppliers assessed under the Westpac Responsible Sourcing Program (%) ³	100	21	-	-	-

1. New metrics introduced as we implement the Group's Responsible Sourcing Code of Conduct.

2. Top suppliers by spend that have previously been assessed against Westpac's Sustainable Supply Chain Management (SSCM) Framework, which was replaced by the Responsible Sourcing Assessment framework in 2017.

3. Suppliers included within the 'Top Suppliers assessed in Australia under the Westpac Responsible Sourcing Program (%)' are the top 100 suppliers to the Bank by spend for the 12 months ended August 2017.

Social and economic impact

We measure and report the economic value we generate as well as our overall community investment, including charitable giving through donations, grants, volunteering, scholarships and the financial education we provide. We also continue to report social impact measures that demonstrate the value being generated for our customers and communities through our initiatives, beyond dollars or time. See [Positive societal impact](#).

Economic impact

Value generation and distribution (\$m)¹

	2018	2017	2016	2015	2014
Direct economic value generated (\$m)					
Net interest income	16,505	15,516	15,148	14,267	13,542
Non-interest income	5,628	6,286	5,837	7,375	6,395
Net operating income	22,133	21,802	20,985	21,642	19,937
Supplier and non-salary input costs	(4,688)	(4,788)	(4,723)	(4,311)	(3,928)
Depreciation and impairment charges	(1,716)	(1,930)	(2,136)	(2,203)	(1,447)
Direct economic value generated	15,729	15,084	14,126	15,128	14,562
Direct economic value distributed (\$m)					
Shareholders (dividends and comprehensive income attributable to non-controlling interests)	6,404	6,298	6,143	5,808	5,901
Governments (income tax expense)	3,632	3,518	3,184	3,348	3,115
Employees (salaries and bonuses)	3,783	3,569	3,482	3,596	3,605
Community (community investments)	131	164	148	149	217
Direct economic value distributed	13,950	13,549	12,957	12,901	12,838
Economic value retained for future growth	1,910	1,535	1,169	2,227	1,724
Total economic value distributed and retained	15,860	15,084	14,126	15,128	14,562

1. This financial summary is prepared in accordance with AIFRS. Where accounting classifications have changed or where changes in accounting policy are adopted retrospectively, comparatives have been revised and may differ from results previously reported.

Community investment

Community investment summary¹

	2018	2017	2016	2015 ³	2014
Australia (\$)	125,454,868	157,678,012	137,586,780	139,911,253	211,185,891
Westpac New Zealand (\$) ²	4,812,952	5,546,102	9,825,925	8,010,153	5,591,175
International (\$) ³	298,099	332,553	491,307	876,208	256,387
Group Community investment (\$)	130,565,919	163,556,668	147,904,012	148,797,614	217,033,452
Community investment as a % of operating profit before income tax (cash basis) (%)	1.12	1.41	1.32	1.33	1.99
Operating profit before income tax (cash basis) (\$m)	11,655	11,598	11,181	11,152	10,924
Community investment as a % of pre-tax profits (%)	1.11	1.42	1.39	1.30	2.02
Pre-tax profit – Westpac Group (\$m)	11,731	11,515	10,644	11,416	10,740

1. FY17 restated to reflect methodology update in FY18. Prior years not comparable.
2. The exchange rate for NZD in 2018 was 1.0884 based on the average rate at 30 September 2018 (2017: 1.0664, 2016: 1.0742, 2015: 1.0802, 2014: 1.1195).
3. International includes offices in the United States, United Kingdom, Pacific and key Asian centres. FY15 was the first reporting year for International. The exchange rate for SGD is based on the average rate at 30 September 2018: 1.0219. Pacific data has been merged into International for FY16 onwards, and FY15 includes disaster response activities related to Cyclone Pam in Vanuatu.

Community investment by type (\$)

	2018	2017	2016	2015	2014
Monetary contributions					
Charitable gifts	7,642,100	7,049,652	2,958,256	4,545,270	102,407,012
Matched giving	3,104,255	2,835,438	3,418,365	2,684,623	2,688,221
Community partnerships (refer to breakdown below)	10,917,967	12,991,418	14,962,735	16,242,553	17,819,533
Total monetary contributions	21,664,322	22,876,508	21,339,355	23,472,446	122,914,766
Time contributions					
Volunteer time	3,211,968	3,647,228	2,779,366	3,330,252	2,706,460
Employee secondments	1,324,226	716,587	498,286	99,760	77,073
Indigenous community secondments/volunteering	1,699,280	1,573,931	1,719,331	1,231,000	894,000
Total time contributions¹	6,235,474	5,937,745	4,996,984	4,661,012	3,677,533
In-kind contributions					
Foregone fee revenue – not-for-profit organisations ¹	7,314,809	10,201,843	8,203,396	8,307,830	2,277,984
Foregone fee revenue – other fee free accounts ¹	86,877,960	118,212,011	90,021,519	92,373,664	84,843,576
In-kind gifts or donations	1,359,996	2,170,660	1,233,952	916,965	434,905
Indigenous in-kind	332,967	308,281	142,676	188,872	169,374
Total in-kind contributions¹	95,885,732	130,892,795	99,601,543	101,787,331	87,725,839
Management costs					
Management costs – General	5,036,784	2,836,262	3,902,710	4,577,380	2,188,868
Management costs – Indigenous	1,716,608	1,013,357	712,173	810,590	526,445
Total management costs¹	6,780,392	3,849,620	4,614,882	5,387,970	2,715,313
Community investment¹	130,565,919	163,556,668	130,552,764	135,308,759	217,033,451
Commercial sponsorships	16,287,961	16,316,379	17,351,248	13,488,855	20,886,973
Community investment including commercial sponsorships¹	146,853,880	179,873,047	147,904,012	148,797,614	237,920,424

1. FY17 restated to reflect methodology update in FY18. Prior years not comparable.

Financial education - number of participants

	2018	2017	2016	2015	2014
Australia	5,604	1,121	2,212	4,038	5,022
New Zealand ¹	106,479	91,792	29,377	34,320	21,034
Pacific Banking	21,761	19,350	28,007	27,180	23,756
Group total	133,844	112,263	59,596	65,538	49,812

1. Restatement made to 2015 data to reflect updated calculation methodology for Video Tips digital resources.

Financial education - number of hours¹

	2018	2017	2016	2015	2014
Australia	3,822	1,958	4,210	4,705	7,390
New Zealand ²	8,962	9,865	10,070	13,231	8,859
Group total	12,784	10,478	14,280	17,936	16,249

1. Hours data not available for the Pacific.
2. Restatement made to 2015 data to reflect updated calculation methodology for Video Tips digital resources. 2017 number of hours restated.

Our Foundations

Family of Giving distribution and grants

	2018	2017	2016	2015	2014
Distribution (\$)					
Westpac Bicentennial Foundation ²	3,658,206	3,738,755	2,464,174	150,000	- ¹
Westpac Foundation	3,684,939	3,766,550	1,331,287	2,403,687	2,382,362
St.George Foundation	1,240,581	1,817,958	1,899,701	1,429,841	741,387
Bank of Melbourne Neighbourhood Fund	555,132	837,882	636,307	116,060	373,374
BankSA Fund	117,071	309,175	156,280	81,700	485,107
Total distribution	9,255,929	10,470,320	6,487,749	4,181,288	3,982,230
Number of grants/scholarships					
Westpac Bicentennial Foundation ²	206	193	112	22	- ¹
Westpac Foundation	240	229	123	131	104
St.George Foundation	30	52	53	54	43
Bank of Melbourne Neighbourhood Fund	17	24	22	52	25
BankSA Fund	5	9	7	42	25
Total number of grants/scholarships	498	507	317	301	197

1. Westpac Bicentennial Foundation was established in April 2014.
2. Restatements made to data from past years to reflect updated calculation methodology.

Family of Giving distribution by State (\$)

	2018	2017	2016	2015	2014
National	894,389	565,977	290,633	389,483	782,072
NSW/ACT	2,959,918	3,983,154	2,443,963	1,862,553	1,257,229
VIC/TAS	2,705,388	3,057,144	1,879,598	532,820	620,374
QLD	1,336,206	1,509,538	998,439	605,775	533,158
SA/NT	740,018	646,037	337,990	201,860	560,107
WA	570,010	658,470	537,126	538,797	129,290
Pacific	50,000	50,000	-	50,000	100,000

Family of Giving distribution by type (\$)

	2018	2017	2016	2015	2014
Community grants - locally focused	2,804,203	3,169,057	1,746,841	1,067,764	1,446,771
Community grants - organisations supporting children	1,198,581	1,795,958	1,899,701	1,429,841	741,387
Retired employee hardship grants	94,939	61,550	107,033	54,483	72,072
Scholarships	3,658,206	3,738,755	2,464,174	150,000	- ¹
Social enterprise grants	1,500,000	1,705,000	270,000	1,479,200	1,722,000

1. Westpac Bicentennial Foundation was established in April 2014.

Social impact**Social impact framework measures¹**

	2018	2017	2016	2015
Helping out in times of need				
Customers provided with natural disaster relief packages	104	1,885	216	469
Individuals assisted in times of crisis by community organisations supported by Westpac Group	2,400	21,012	1,364	2,000
Customers who sought assistance from Westpac Assist specialists to manage through financial hardship ²	54,870	38,761	39,516	54,544
Number of approved applications for financial assistance from customers experiencing financial hardship	37,678	28,322	30,759	50,005
Enabling more inclusive banking and building financial capability				
Westpac Group products and services and supported community partners delivered products and services (e.g. microfinance) for individuals that are financially excluded or in underserved communities	8	8	7	7
Individuals completing Westpac Group financial literacy training	133,844	112,263	59,596	65,538
New customers accessing basic banking for the first time (in the Pacific)	37,678	58,050	64,615	67,114
Investing in economic wellbeing and greater prosperity				
Micro and social enterprises established or expanded that have received Westpac Group assistance e.g. micro-enterprise loans or social enterprise grants	290	357	313	250
Employment pathways supported at social enterprises by Westpac Foundation (cumulative) ³	3,675	3,210	2,912	1,932
Jobs supported at social enterprises by Westpac Foundation (cumulative)	1,516	1,003	839	389
Number of employees involved in skilled mentoring and volunteering	727	393	237	122
Hours given by employees to skilled mentoring and volunteering	29,212	7,079	5,019	21,708
Grants designed to improve economic wellbeing made by the Westpac Foundation	114	84	69	25
Advancing the nation through social change				
Scholarships awarded to individuals by the Westpac Bicentennial Foundation ⁴	330	243	120	22

1. In the metrics contained in this table: Individuals refers to members of the public who may or may not be Westpac Group customers, Customers refers to individuals and businesses that are current customers of the Westpac Group, Employees refers to current employees of the Westpac Group, and Communities refers to the broader communities within which Westpac Group operates. In the first two years these metrics are largely focused on Westpac Group's Australian businesses, however there is scope to expand the data set in coming years to cover the whole Group.
2. 2015 figure restated to reflect updated calculation methodology that is now based on the application lodgement date instead of the date at which discussions were held with the customer.
3. 2018 data includes: Cumulative totals for 2015, 2016, 2017 and first three quarters for 2018. Q4 2018 will be reported as part of 2019 annual figures.
4. Represents the number of current participants in the Westpac scholars program.

Scorecards

Reconciliation Action Plan (RAP)

Our 2018-2020 RAP focuses on four areas – meaningful careers, better banking experiences, backing Indigenous business, and prosperous communities, where we believe we can achieve greatest outcomes. These areas reflect our commitment to the UN Sustainable Development Goals and the UN Declaration on the Rights of Indigenous Peoples. Reconciliation Australia's pillars – Relationships, Respect and Opportunities – underpin our RAP commitments.

Reconciliation Action Plan scorecard

Objectives and measures	Target by 2020	2018
Meaningful careers		
Aboriginal and Torres Strait Islander new-to-bank hires – Australian (%)	4%	4%
Build reliable mechanisms to better understand new starter retention and attrition rates of Aboriginal and Torres Strait Islander employees	Implemented and evaluated	Reporting mechanism established and baseline data captured
Increase completion of traineeship qualifications and measure transitions into permanent employment	Monitor and report on completions and transitions	Strategy developed and 58 transitions into permanent roles
Westpac employees who have participated in the Echo mentoring program	60	60
Increase understanding and use of Welcome to Country and Acknowledgement of Country protocols	Develop strategy and track engagement	Guidelines updated and promoted
Number of events celebrating days of cultural significance to Indigenous Australians	30 Indigenous events per year	34
Development of a group-wide Indigenous cultural intelligence framework	Framework implemented	Scoped and designed
Number of executive visits by Westpac Group senior leaders to organisations through Jawun (cumulative visits)	36 (cumulative)	13
Better banking experiences		
Improve access to home ownership products and services by meeting the needs of Indigenous Australians	Design, test, and share lessons learnt	Scoped, engaging with Indigenous suppliers to undertake research
Continue to improve understanding of banking through testing the effectiveness of, and expanding the roll-out of the Banking Story ¹	Implement further roll-out and determine potential for extension	University of Technology Sydney Design team engaged to review effectiveness
Consider a fair and culturally appropriate funeral cost savings service	Design, test, and share lessons learnt	Explored a range of approaches, engaging both internally and externally
Backing Indigenous business		
Cumulative spend with Supply Nation registered and certified Indigenous businesses	\$10m cumulative spend	\$3.8m
Number of Indigenous Australian owned businesses established or expanded with support from Westpac's microfinance partner Many Rivers	330	82
Prosperous communities		
Number of Westpac Group employees on secondments ² with Indigenous organisations through Jawun	120 (cumulative)	49
Number of personal financial capability seminars delivered through community visits to regional, remote and urban communities	90 visits (cumulative)	22
Deliver Financial First Steps program to Indigenous employees of business customers	5 organisations and 50 Indigenous employees	3 workshops scheduled

1. Tool for communicating banking with remote Indigenous customers.

2. Included four David Williams Fellowship secondees, and four 12-week secondments to support Empowered Communities program.

2018–2020 Sustainability Strategy

Our 2020 Sustainability Strategy is centered around three priority areas – helping people making better financial decisions, helping people by being there when it matters most to them, and helping people create a prosperous nation. Underpinning these priority areas is our commitment to fostering a culture of care and doing the right thing, and continuing to lead on the Sustainability fundamentals. Sustainability Strategy performance is also included in [Year 1 progress](#).

Sustainability Strategy Scorecard

Priority areas	Goals	Target by 2020	Full year 2018 performance
Helping people make better financial decisions	Help more people better understand their financial position, improving their financial confidence	Continued innovation to support customers to make better financial decisions.	<ul style="list-style-type: none"> Westpac SmartPlan, an online tool to help customers manage their credit card balance and pay down their debts more easily Westpac Life, a flexible savings account that supports customers' savings goals
		At least 100,000 customers participating in financial capability programs in Australia, New Zealand and Asia Pacific, feeling more confident about their money.	<ul style="list-style-type: none"> 133,844 people participated in financial literacy programs
		Communication channels reaching more Australians, enhancing their financial understanding.	<ul style="list-style-type: none"> 512,000 children through Mathspace and Year 13 partnerships 1.5 million young Australians via The Cusp 229,000 women through Ruby Connection 2.5 million Australians via Starts at 60
Helping people by being there when it matters most to them	Help people recover from financial hardship Help people lift out of a difficult time and recover stronger	Of those customers who have recovered from hardship, reduce the proportion that return to hardship within three months and within 12 months.	<ul style="list-style-type: none"> Helped customers experiencing financial hardship, issuing over 37,000 financial assistance packages
		<ul style="list-style-type: none"> Re-design customer experiences aligned to pivotal life events through improvements in services, products and banker capability. Communities receiving support to recover from difficult times reporting that they are resilient. 	<ul style="list-style-type: none"> 'Loss of a loved one' tools and resources \$100 million Drought Assistance Package \$100,000 donation to the Salvation Army Rural Support Services Program and a further \$100,000 in Community Recovery Resilience grants 104 relief packages for customers impacted by natural disasters across Australia \$50,000 donation to the PNG Salvation Army to assist with relief efforts following a magnitude 7.5 earthquake in Papua New Guinea
		Helping our most vulnerable customers	Initiatives implemented to improve the financial wellbeing of our most vulnerable customers.

Priority areas	Goals	Target by 2020	Full year 2018 performance
Helping people creating a prosperous nation	Build the workforce of the future	Delivery of updated Divisional Capability Plans to support employees accessing training and new opportunities to support reskilling.	<ul style="list-style-type: none"> Additional learning and development offerings as part of our focus on the future of work to assist employees to develop 'skills for life' Young Leader Program to develop and support high-potential emerging leaders
	Invest and back the people and ideas shaping Australia	<ul style="list-style-type: none"> A community of more than 300 scholars funded. 200 emerging businesses supported and growing. 2,000 microenterprises established/growing. 15 community partners backed to create 2,000 jobs for vulnerable Australians. 50,000 Australians supported by 300 community grants. 30 fintechs with investment support. 	<ul style="list-style-type: none"> Welcomed the next 100 Westpac Scholars, bringing the cohort to 330; with \$3.7 million paid in Westpac Bicentennial Foundation educational scholarships 200 Business of Tomorrow program recipients 275 businesses established through our Many Rivers partnership. Since its establishment the partnership has created jobs for 1,949 people, with 718 identifying as Indigenous Westpac Foundation Social Scale-up Grants supported social enterprises to create 513 jobs for vulnerable Australians \$2 million in Westpac Foundation Community Grants to support 200 not-for-profit organisations To date, committed \$150 million to Reinventure as part of its investment in three funds, supporting 23 early stage companies
	Back the growth of climate change solutions	<ul style="list-style-type: none"> \$10 billion to climate change solutions by 2020 and \$25 billion by 2030. \$3 billion in facilitation in climate change solutions. 	<ul style="list-style-type: none"> \$9.1 billion \$1.7 billion
	Back the growth of housing affordability solutions	<ul style="list-style-type: none"> \$2.5 billion to affordable housing solutions. 	<ul style="list-style-type: none"> \$1.36 billion
	Bring together partners and harness the Group capacity to tackle pressing social issues that matter most to the nation	<ul style="list-style-type: none"> Six forums hosted, bringing us closer to customers and partners, working on shared problems. Six purposeful, innovative partnerships and projects. 	<ul style="list-style-type: none"> One of 28 banks to co-found and draft the Principles for Responsible Banking, a UNEP FI initiative to promote alignment of the global banking sector, in making progress on the Sustainable Development Goals and Paris Climate Agreement Supported dialogue across institutional customers and Westpac experts to collaborate on initiatives towards eradicating modern slavery and other severe human rights issues Hosted Westpac's first Sustainable & Inclusive Sourcing Forum to encourage cross-sector collaboration
A culture that is caring, inclusive and innovative	Promote an inclusive society, where our workforce reflects our customers	<ul style="list-style-type: none"> Maintain 50% Women in Leadership Maintain gender pay equity, on a like-for-like role basis Aboriginal and Torres Strait Islander new-to-bank hires – Australian (%) 	<ul style="list-style-type: none"> 50% women in leadership Maintained 4.3% of new hires (or 140 of our new employees and program participants including trainees and interns)
	Increase channels where customers can provide feedback	<ul style="list-style-type: none"> Continue to increase the proportion of complaints resolved within five days, year on year. Continue to achieve a reduction in complaints, year on year 	<ul style="list-style-type: none"> 59% complaints resolved within five days, 53% in FY17 35,646 complaints in FY18, 31,844 in FY17

Priority areas	Goals	Target by 2020	Full year 2018 performance	
Continuing to lead on the Sustainability Fundamentals	Employees	<ul style="list-style-type: none"> Lost Time Injury Frequency Rate Total Recordable Injury Frequency Rate 	<ul style="list-style-type: none"> LTIFR 0.4 TRIFR 3.9 	
	Human Rights	<ul style="list-style-type: none"> Benchmark performance by surveys and research 	<ul style="list-style-type: none"> Westpac scored 99 in the DJSI human rights category, versus 33 industry average 	
	Sustainability lending and investment	<ul style="list-style-type: none"> BT Financial Group portfolio carbon intensity Aim to reduce the emissions intensity of our power generation portfolio to 0.30 tCO₂e/MWh by 2020 	<ul style="list-style-type: none"> Refer: Sustainable lending & investment 0.28 tCO₂e/MWh 	
	Environment ¹		<ul style="list-style-type: none"> 9% reduction in Greenhouse Gas Emissions 	<ul style="list-style-type: none"> 4.4% reduction in greenhouse gas emissions
			<ul style="list-style-type: none"> Set renewable energy target 	<ul style="list-style-type: none"> In progress
			<ul style="list-style-type: none"> 80% diversion of waste from landfill in Australian offices 	<ul style="list-style-type: none"> 73% diversion of waste from landfill in Australian offices
			<ul style="list-style-type: none"> 15% reduction in water usage in Australian workplaces 	<ul style="list-style-type: none"> 14.8% reduction in water usage in Australian workplaces
	Responsible Sourcing		<ul style="list-style-type: none"> 40% reduction in paper used 	<ul style="list-style-type: none"> 19.7% reduction in paper used
<ul style="list-style-type: none"> Maintain carbon neutrality 			<ul style="list-style-type: none"> Maintained carbon neutrality 	
Community & social impact		<ul style="list-style-type: none"> Responsible sourcing assessments Increase spend with diverse suppliers \$10 million spend with Indigenous suppliers 	<ul style="list-style-type: none"> Top 100 suppliers assessed against Responsible Sourcing Code of Conduct \$17.7 million spent on diverse suppliers \$3.8 million spent on Indigenous suppliers 	
		<ul style="list-style-type: none"> Community investment more than 1% of pre-tax profits More than 15% of employees accessing workplace volunteering program (including volunteering leave, and skilled volunteering programs) 	<ul style="list-style-type: none"> 1.11% 16% 	

1. All results as at 30 September 2018 except environmental footprint which is as at 30 June 2018.

Other info

Global Reporting Initiative and other indices, as well as assurance, and glossary and definitions.

Nick Tsiolakis from Soft Landing. Read the full story on page 47.



Global Reporting Initiative index

General Disclosures

Indicator	Description	Location
Organisational profile		
102-1	Name of organisation	Westpac Banking Corporation
102-2	Primary brands, products and services	Website: Company overview – Our businesses
102-3	Location of headquarters	275 Kent St, Sydney NSW 2000, Australia
102-4	Countries of operation	Website: Global locations
102-5	Nature of ownership and legal form	Publicly company limited by shares under the <i>Australian Corporations Act 2001 (Cth)</i> .
102-6	Markets served	Website: Company overview
102-7	Scale of the organisation	2018 Annual Review & Sustainability Report: Who we are (p.2), Governance – Five-year summary (p.38)
102-8	Workforce overview	Performance metrics: Employees (p.75)
102-9	Supply chain	The issues that matter: Value chain risk (p.48) Performance metrics: Suppliers (p.91) Website: Sustainable sourcing
102-10	Changes during the reporting period	Website: Latest presentation and results
102-11	Precautionary approach or principle	Westpac publicly recognises this principle by being a signatory to the United Nations Global Compact and in the implementation of our risk frameworks.
102-12	External sustainability initiatives subscribed to	The fundamentals (p.59)
102-13	Associations and advocacy organisations	Website: Our commitments and partnerships
Strategy and analysis		
102-14	Statement from most senior decision maker	2018 Annual Review & Sustainability Report: CEO's letter (p.14) Chairman and CEO's message (p.4)
102-15	Description of key impacts, risks and opportunities	2018 Investor Discussion Pack The issues that matter (p.10) The fundamentals (p.59)
Ethics and integrity		
102-16	Description of the organisations values and principles	The fundamentals (p.59) Performance metrics: Employees (p.75), Suppliers (p.91) Website: Company overview – Our strategy and vision Website: Corporate governance – Operating principles and policies Website: Principles for doing business Website: Responsible sourcing
102-17	Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and mechanisms for reporting concerns about lawful and unlawful behaviour	Website: Operating principles and policies – Whistleblower Protection Policy In addition to the channels above external concerns can be raised via our call centres, online, or through relevant external bodies at: Website: Feedback and complaints

Indicator	Description	Location
Governance		
102-18	Governance and structure of the organisation	2018 Annual Report: Information on Westpac (p.14), Corporate Governance (p.31), Director's Report (p.32)
102-19	Delegation process from Board to senior executives	Website: Corporate Governance Statement
102-20	Executive level positions with responsibility for sustainability	The fundamentals (p.59)
102-21	Process for consultation between stakeholders and the highest governance body	The fundamentals (p.59)
102-22	Board breakdown	2018 Annual Report: Directors report - Directors (p.32)
102-23	Chair of the Board also an executive officer	The Chair of the Westpac Board is an independent non-executive director.
102-24	Nomination process	Website: Corporate Governance Statement
102-25	Board conflicts of interest	
102-26	Board and senior executive involvement in sustainability	The fundamentals (p.59)
102-27	Measures taken to develop Board understanding of sustainability	Regular Board reporting and discussion forums held every six months as outlined in: The fundamentals (p.59)
102-28	Evaluation of Board governance performance	Independent reviews of Board performance are undertaken annually as outlined in: Website: Corporate Governance Statement
102-29	Board role in ESG risk identification	The fundamentals (p.59)
102-30	Board role in review of ESG risk policies	Website: Constitution and the Board - Board Charter Also refer to 102-32.
102-31	Frequency of review of ESG risks	The fundamentals (p.59) Website: Corporate Governance Statement
102-32	Highest position that reviews and approves the sustainability report	Sustainability information included in the Annual Report and the Full Year Financial Results is approved by the Board. This report is approved by the Group Executive, Legal & Secretariat. The Group Executive, Customer & Corporate Relations ensures that all material aspects are covered in our reporting.
102-33	Process for communicating critical concerns to the highest governance body	The fundamentals (p.59) Website: Code of conduct Website: Constitution and the Board Website: Listening to stakeholders Website: Summary Whistleblower Protection Policy Website: Your Customer Advocate
102-34	Nature and total number of concerns reported to the highest governance body	2018 Annual Report: Risk Management (p.120) Quarterly reporting to the Board Risk and Compliance Committee (BRCC) typically contains 2-3 critical ESG issues. Performance metrics: Customers - Customer complaints (p.80)
102-35	Board remuneration report	
102-36	Process for determining Board remuneration	2018 Annual Report: Remuneration report (p.48)

Indicator	Description	Location
102-37	Process to seek stakeholder views on remuneration	2018 Annual Report: Directors Report - Employment agreements (p.66) The outcome of the annual vote on remuneration at the Annual General Meeting (AGM) is provided on our website. Last year it was passed (95% Yes vote). Website: 2017 Presentations and Annual General Meeting Financial Services Union: Westpac Website: Westpac Enterprise Agreement
102-38	Ratio of organisation's highest paid individual to the median	Performance metrics: Employees (p.75)
102-39	Ratio of the percentage increase in 102-38	Performance metrics: Employees (p.75)
Stakeholder engagement		
102-40	Stakeholder groups engaged	2018 Annual Review & Sustainability Report: CEO's letter (p.14) The fundamentals (p.59) Website: Listening to stakeholders
102-41	Coverage of collective bargaining agreements	Approximately 99% of Westpac Group employees in Australia were covered by a collective agreement as at the end of September 2018. In New Zealand the coverage is approximately 40.8% of employees. In Fiji, our Collective Agreement became null and void on 8 November 2011 by virtue of the Fijian Government's essential National Industries Decree of July 2011. However, Westpac continued to apply the terms and conditions of employment set out in the collective agreement as they apply to individual employees. Westpac is currently negotiating a new collective agreement with the FBSE union following the repeal of the Fijian Government's essential National Industries Decree in September 2015. In Papua New Guinea, Westpac is currently close to finalising a new agreement with the Papua New Guinea Banks and Financial Institutions Workers Union. Other international based employees are not covered due to specific local industrial relations arrangements. Fair Work Commission: Westpac Enterprise Agreement
102-42	Identification and selection of stakeholders	The fundamentals: Stakeholder engagement (p.67) Website: Listening to stakeholders
102-43	Approach to stakeholder engagement	The fundamentals: Stakeholder engagement (p.67) Website: Listening to stakeholders
102-44	Key topics and concerns raised by stakeholders	2018 Annual Report: Material sustainability topics (p.129) The issues that matter: Overview (p.11), Value chain risk (p.48) The fundamentals: Stakeholder engagement, Material topics and management approach (p.69) Website: Listening to stakeholders

Indicator	Description	Location
Reporting practice		
102-45	List of entities in the financial statements	2018 Annual Report: Note 35. Investments in subsidiaries and associates (p.248) This does not include philanthropic foundations that are not owned or operated by the Group.
102-46	Process for defining report content and boundaries	The issues that matter: Overview (p.11) The fundamentals: Material topics and management approach (p.69)
102-47	Material aspects/issues	Global Reporting Initiative index (p.102)
102-48	Impacts of restatements	All restatements are noted within the relevant data sets.
102-49	Significant changes in scope and aspect boundaries	No significant changes have been made from previous period.
102-50	Reporting period	1 October 2017 - 30 September 2018 unless otherwise stated.
102-51	Date of most recent previous report	2017 Sustainability Performance Report
102-52	Reporting cycle	Annual
102-53	Contact point for the report	sustainability@westpac.com.au Local toll-free: 1300 130 964 International +61 2 9767 0064
102-54	GRI Standards claim	This report has been prepared in accordance with the GRI Standards: Comprehensive option.
102-55	GRI Content Index	Global Reporting Initiative index (p.102)
102-56	External assurance	The fundamentals (p.59) Assurance statement (p.115)

Management approach

Material topics and management approach from page 69 provides a description of how we determine our material topics, as well as why they have been deemed material.

The fundamentals section of this report from page 59 sets out our overall approach to managing material topics, including an overview of our governance and policy frameworks, external benchmarking and stakeholder engagement. Wherever possible, we aim to reduce any negative impacts associated with our activities and seek opportunities to enhance the positive impacts. Our current performance, including targets, can be found within the Performance metrics, this GRI table, and discussions on the performance against our sustainability strategy. Further information on our current activities, including impacts and responses, is detailed throughout this report as well as the 2018 Annual Review & Sustainability Report.

More specific information, including publicly available copies of the relevant policies, can be found online where indicated for each GRI aspect below.

Indicator	Description in report	Location
103-1	Aspect boundaries for material topics	The fundamentals: Material topics and management approach (p.69)
103-2	The management approach and its components	The fundamentals: Material topics and management approach (p.69) Global Reporting Initiative index (p.102)
103-3	Evaluation of the management approach	The fundamentals: Material topics and management approach (p.69)

Specific Standard Disclosures

Material Aspects	Description in report	Location
ECONOMIC		
Economic performance		
<i>Aspect-specific management approach - 2018 Annual Report</i>		
201-1	Direct economic value generated and distributed	2018 Annual Review & Sustainability Report: Governance - Five-year summary (p.38) Performance metrics: Social and economic impact (p.92)
201-2	Financial implications of climate change	The issues that matter: Value chain risk (p.48) Performance metrics: Sustainable lending and investment (p.82) Website: 2018-2020 Climate Change Position Statement and Action Plan Website: Climate change and environmental issues Website: Performance Reports - CDP Submission
201-3	Coverage of organisation's defined benefit plan obligations	Our Australian and Pacific operations have regulatory requirements for employers to make contributions to defined contribution and savings plans, known as superannuation. Employees are free to choose their own superannuation fund. Fair Work Commission: Westpac Enterprise Agreement In New Zealand, Westpac employees are offered the option of a defined contribution scheme as outlined on: Website: Westpac New Zealand
201-4	Financial assistance received from government	No significant developments relating to financial assistance received from government.
Indirect economic impacts		
<i>Aspect-specific management approach - Website: Our sustainability strategy</i>		
203-1	Significant infrastructure investments, current or expected impacts on communities and local economies (commercial, in-kind, or pro bono)	2018 Annual Review and Sustainability Report: CEO's Letter (p.2) 2020 Sustainability Strategy: Year 1 progress: (p.9)
203-2	Significant indirect economic impacts, including the extent of impacts	The issues that matter: Positive societal impact (p.39), Value chain risk (p.48) Performance metrics: Sustainable lending and investment (p.82), Social and economic impact (p.92)
Procurement practices		
<i>Aspect-specific management approach - Website: Responsible sourcing</i>		
204-1	Proportion of spending on local suppliers at significant locations of operation	Performance metrics: Suppliers (p.91) A review will be undertaken to report breakdown of local suppliers for FY19 reporting.
Anti-corruption		
<i>Aspect-specific management approach - Website: Principles for Doing Business, Website: Conflicts of interest</i>		
205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	2018 Annual Report: Operational risk and compliance risk (p.123)
205-2	Communication and training on anti-corruption policies and procedures	2018 Annual Report: Risk and risk management - Risk factors (p.108) The issues that matter: Governance, conduct and trust (p.21), Workforce of the future (p.33) Performance metrics: Employees - Doing The Right Thing Training (p.78) and definition (p.119) Measurement and tracking by region and employee category show no significant variances.
205-3	Actions taken against confirmed incidents of corruption	Performance metrics: Employees - Whistleblowing (p.78)

Material Aspects	Description in report	Location
ENVIRONMENTAL		
Supplier environmental assessment		
<i>Aspect-specific management approach - Website: Responsible sourcing</i>		
308-1	Percentage of new suppliers that were screened using environmental data	Performance metrics: Suppliers (p.91)
308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	<p>The issues that matter: Value chain risk (p.48)</p> <p>Performance metrics: Suppliers (p.91)</p> <p>There were no significant changes to supplier locations or relationships with supply chain structure during 2018, with no terminations on ESG grounds. In 2017 we released our Responsible Sourcing Code of Conduct (the Code), enhancing prioritisation of categories and suppliers and increasing focus on the identification of risks including those impacting the environment. We are now in the process of extending the principles of the Code and supporting approaches across the Group's operating geographies.</p>
SOCIAL		
Employment		
<i>Aspect-specific management approach - Website: Careers - Westpac difference, Website: Westpac New Zealand - careers</i>		
401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<p>Performance metrics: Employees (p.75)</p> <p>A review will be undertaken to report breakdown by gender and employee category for FY19 reporting.</p>
401-2	Benefits provided to full-time employees only	<p>Employee benefits are available to all employees living in the country where the benefits are offered with the exception of temporary employees. Additional benefits are available to expatriate employees as part of a relocation package.</p> <p>The issues that matter: Workforce of the future (p.33)</p> <p><u>Fair Work Commission: Westpac Enterprise Agreement</u></p>
401-3	Return to work retention rates after parental leave, by gender	Performance metrics: Employees (p.75). A review is being undertaken to report retention beyond one year and by gender for New Zealand.
Occupational health and safety		
<i>Aspect-specific management approach - Website: Health and Safety Policy, Website: Wellbeing Policy</i>		
403-1	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	<p>Health and safety committees are not the primary method of workforce OHS representation at Westpac therefore we have not reported on the percentage of total workforce represented. We have a range of different mechanisms for communicating with our workforce on OHS, as appropriate for different parts of our business. For example, focus groups, employee surveys, communication with our champions network, and consultation with people leaders are undertaken in addition to committees. For further details of our approach see:</p> <p><u>Website: Health, safety & wellbeing</u></p>
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	<p>No work-related fatalities were reported for employees of the global enterprise. Absenteeism and Lost Time Injury Frequency Rates are reported as an indicator of injury rates and are reported in:</p> <p>Performance Metrics: Employees (p.75). A review will be undertaken to report measurement by region and gender for FY19 reporting.</p>
403-3	Workers with high incidence or high risk of diseases related to their occupation	<p>The issues that matter: Workforce of the future (p.33)</p> <p>Our employees are most at risk of incidences related to musculoskeletal and mental disorders that are identified in Safe Work Australia's eight 'disease' categories (<u>Safe Work Australia: Key Work Health and Safety Statistics Booklet Australia</u>). The performance of the Group in both fields has been positive in reducing disability or reduced frequency associated to both classes through regular communications, access to 'safe+sound' materials, seminars and assessments on workplace health.</p>

Material Aspects	Description in report	Location
403-4	Health and safety topics covered in formal agreements with trade unions	The Westpac Group Enterprise Agreement 2016 (the enterprise agreement for the Westpac Group operating in Australia) contains provisions relating to Health, Safety and Wellbeing. Fair Work Commission: Westpac Enterprise Agreement
Training and education		
<i>Aspect-specific management approach - Website: Principles for Doing Business, Career development, Westpac New Zealand</i>		
404-1	Average hours of training per year per employee by gender, and by employee category	Performance metrics: Employees - Training and capability (p.78) A review will be undertaken to assess reporting measurement by gender for FY19
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	The issues that matter: Workforce of the future (p.33) The Westpac Group Enterprise Agreement provides outplacement support or reimbursement for vocational education or training for employees who are being retrenched. Fair Work Commission: Westpac Enterprise Agreement
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	The issues that matter: Governance, conduct and trust (p.21) All of our permanent and maximum term employees are using Motivate, our new approach to managing performance, development and reward. Motivate includes regular performance and career development views.
Diversity and equal opportunity		
<i>Aspect-specific management approach - Website: Inclusion and diversity, Website: Accessibility Action Plan, Website: Reconciliation Action Plan</i>		
405-1	Composition of governance bodies and breakdown of employees per employee category	Performance metrics: Employees (p.75)
405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Performance metrics: Employees - Percentage of basic salary - female to male (p.77)
Local communities		
<i>Aspect-specific management approach - Website: Our sustainability strategy, Website: Contributing to our communities</i>		
413-1	Percentage of operations with implemented local community engagement, impact assessments and development programs	The issues that matter: Service leadership (p.14), Positive societal impact (p.39) The fundamentals (p.59) Performance metrics: Social and economic impact (p.92) Website: Social Impact Tool Website: Listening to stakeholders
413-2	Operations with significant actual or potential negative impacts on local communities	The issues that matter: Service Leadership (p.14), Positive societal impact (p.39), Value chain risk (p.48)
Supplier social assessment		
<i>Aspect-specific management approach - Website: Responsible sourcing, Website: Human Rights Position Statement</i>		
414-1	Percentage of new suppliers that were screened using social criteria	Performance metrics: Suppliers (p.91)
414-2	Significant actual and potential negative impacts on society in the supply chain and actions taken	The issues that matter: Value chain risk (p.48) Performance metrics: Suppliers (p.91) There were no significant changes to supplier locations or relationships with supply chain structure during 2018, with no terminations on ESG grounds. In 2017 we released our Responsible Sourcing Code of Conduct (the Code), enhancing prioritisation of categories and suppliers and increasing focus on the identification of risks. We are now in the process of extending the principles of The Code and supporting approaches across the Group's operating geographies.

Material Aspects	Description in report	Location
Marketing and labelling		
<i>Aspect-specific management approach – Website: Principles for Doing Business</i>		
417-1	Type of products and service information required for product and service information and labelling and percentage subject to information requirements	Product labelling requirements refer primarily to disclosures on effective use and the quality of financial advice provided. These are governed by the Code of Banking Practice . Website: Disclosure Documents
417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling by types of outcomes	Nil
417-3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications by types of outcomes	Nil
Customer privacy		
<i>Aspect-specific management approach – Website: Committed to protecting your privacy</i>		
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organization: 232 ii. complaints from regulatory bodies: 112 b. Total number of identified leaks, thefts, or losses of customer data: 265
Socioeconomic compliance		
<i>Aspect-specific management approach – 2018 Annual Report: Risk and Risk Management</i>		
419-1	Monetary value of significant fines for non-compliance with laws and regulations and total number of non-monetary sanctions	Westpac Group agreed with ASIC a settlement for an ongoing case that included the payment of a fine (being \$35 million). This agreement, however, requires Court approval which at the time of writing has not been granted.
G4 FINANCIAL SERVICES SECTOR DISCLOSURE		
Audit		
<i>Aspect-specific management approach – Website: Constitution and the Board, Website: Responsible sourcing, Website: Responsible Investment Transparency Report, Website: Equator Principles</i>		
Product portfolio		
<i>Aspect-specific management approach – 2018 Annual Report, Website: Products and services with social or environmental outcomes</i>		
G4-FS6	Percentage of the portfolio for business lines by specific region, size	2018 Investor Discussion Pack – Divisional results (p.105) Performance metrics: Sustainable lending and investment – Group lending profile (p.82) Pillar 3 Report for 30 September 2018 – Summary credit risk disclosure
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line	2020 Sustainability Strategy: Year 1 progress: (p.9) Performance metrics: Sustainable lending and investment (p.82), Positive Impact Finance definition (p.124),
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line	Performance metrics: Sustainable lending and investment (p.82)

Material Aspects	Description in report	Location
Active ownership		
<i>Aspect-specific management approach - Website: Responsible Investment Transparency Report</i>		
G4-FS10	Percentage and number of companies engaged on environmental or social issues	We monitor and track our engagements with companies in our asset portfolio as a matter of course. Our approach to ESG Risk Management is as follows: Origination, Evaluation, Approval, Documentation, and Monitoring. Further details can be found in:
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	The issues that matter: Value Chain Risk (p.48) Performance metrics: Sustainable lending and investment (p.82) <u>Website: BT Financial Group's PRI 2018 Responsible Investment Transparency Report</u>
Local communities		
<i>Aspect-specific management approach - Website: Our sustainability strategy, Website: Contributing to our communities</i>		
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	Westpac provides a number of services to help those in low-populated or economically disadvantaged areas, seen in: The issues that matter: Service leadership (p.16) Performance metrics: Customers (p.79), Social and economic impact (p.92)
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	2020 Sustainability Strategy: Year 1 progress: (p.9) The issues that matter: Service leadership (p.16), Value chain risk (p.48)

Principles for Responsible Banking

Westpac is one of 28 banks from around the world working to develop the Principles for Responsible Banking (PRB). The PRBs reinforce Westpac's commitment to the Paris Agreement and UN Sustainable Development Goals that form the basis of our 2020 Sustainability Strategy, targets, governance mechanisms and commitment to transparency and public reporting.

The table below provides an index based on the PRBs and lists where relevant information can be found in this report and in other sources. Westpac self-identifies as an Advanced bank and will continue to work with the draft PRB reporting index to progressively improve the depth and quality of responses, and anticipate the release of the Principles in September 2019.

Public reporting template

Question	Description	Location
Principle 1 - Alignment		
1.1	Link to business model including structure of the bank, sectoral focus areas, products and services, client base and geographic coverage.	Website: Company overview - Our businesses
1.2	Link to business strategy aligned with individuals' needs and society's goals.	2018 Annual Report: Business strategy (p.14) 2018-2020 Sustainability Strategy
Principle 2 - Impact		
2.1	Link to identification process of risks, opportunities, and impacts and explanation of materiality criteria.	2018 Annual Report: Risk and risk management (p.108) 2018 Annual Report: Material sustainability topics (p.129) 2018 Sustainability Performance Report: The issues that matter - Overview (p.11) 2018 Sustainability Performance Report: The fundamentals - Material topics and management approach (p.69)
2.2	Link to most significant positive and negative environmental and social risks, opportunities and impacts associated with activities, products and services.	2018 Annual Report: Risk and risk management (p.108) 2018 Annual Report: Material sustainability topics (p.129) 2018 Sustainability Performance Report: The issues that matter - Overview (p.11), Positive societal impact (p.39), Value chain risk (p.48) 2018 Sustainability Performance Report: The fundamentals - Material topics and management approach (p.69)
2.3	Link to progress of positive impacts and reduction of negative impacts associated with activities, products and services.	2018 Annual Report: Performance against sustainability goals (p.130) 2018 Annual Report: Five year non-financial summary (p.133) 2018 Investor Discussion Pack: Sustainability leadership (p.56) 2018 Sustainability Performance Report: The issues that matter - Positive societal impact (p.39), Value chain risk (p.48) 2018 Sustainability Performance Report: Performance metrics - Sustainable lending and investment (p.82)
Principle 3 - Clients and customers		
3.1	Link to policies and practices to ensure sustainable and responsible relationships with clients and customers.	2018 Sustainability Performance Report: The issues that matter - Service leadership (p.14), Governance, Conduct and Trust (p.21) 2018 Sustainability Performance Report: The fundamentals (p.59) Website: Citizenship, corporate governance and conduct Website: Operating principles and policies Website: Our values Website: Principles for Doing Business Australian Banking Association: Banking Code of Practice

Question	Description	Location
3.2	Link to how sustainable practices are encouraged with clients and customers to enable economic activities that create shared prosperity.	2018 Sustainability Performance Report: The issues that matter – Service leadership (p.14), Positive societal impact (p.39), Value chain risk (p.48) 2018-2020 Sustainability Strategy Website: Products and services with social or environmental outcomes
Principle 4 – Stakeholders		
4.1	Link to description of stakeholders with whom we have consulted, or are planning to consult in relation to risks, opportunities, and impacts.	2018 Sustainability Performance Report: The fundamentals – Stakeholder engagement (p.67) Website: Listening to stakeholders
4.2	Link to bank's description of how stakeholders are identified and determined to be relevant.	2018 Sustainability Performance Report: The fundamentals – Stakeholder engagement (p.67) Website: Listening to stakeholders
4.3	Link to proactive stakeholder engagement and results in relation to the PRBs, SDGs, Paris Climate Agreement and relevant national and regional frameworks.	2018 Sustainability Performance Report: Chairman and CEO's message (p.4) 2018 Sustainability Performance Report: The issues that matter – Overview (p.11) 2018 Sustainability Performance Report: The fundamentals – Stakeholder engagement (p.67)
Principle 5 – Governance and target setting		
5.1	Link to how social, environmental and economic risks and opportunities are managed, with a focus on governance structures, roles and responsibilities, and processes.	2018 Annual Report: Directors report – Group balanced scoreboard (p.57), Risk and risk management (p.108) Investor Discussion Pack: Continued sustainability leadership (p.56) 2018 Sustainability Performance Report: The fundamentals (p.59) Website: Sustainability Risk Management Framework Website: Risk management Website: Corporate governance
5.2	Link to targets in relation to SDGs, Paris Climate Agreement, and relevant national and regional frameworks.	2018 Annual Report: Sustainability performance (p.128) 2018-2020 Sustainability Strategy Climate Change Position Statement and 2020 Action Plan
5.3	Link to targets that have been set, activities and measures to achieve these targets, KPIs, resources and responsibilities assigned, and processes to monitor and review progress.	2018 Annual Report: Performance against sustainability goals (p.130) 2018 Sustainability Performance Report: The fundamentals – Sustainability governance framework (p.62) 2018-2020 Sustainability Strategy
5.4	Link to short, medium and/or long term objectives and performance over the year.	2018 Annual Report: Performance against sustainability goals (p.130) 2018 Sustainability Performance Report: Performance metrics – Sustainability Strategy Scorecard (p.98)
Principle 6 – Transparency and accountability		
6.1	Link to progress and status of initiatives supporting PRBs, SDGs, Paris Climate Agreement, UNGC, Equator Principles, PRI, TCFD, and/or relevant national and regional frameworks.	2018 Annual Report: Sustainability performance (p.128), Climate-related financial disclosures (p.135) 2018 Sustainability Performance Report: The issues that matter – Overview (p.11), Value chain risk (p.48) 2018 Sustainability Performance Report: Performance metrics – Sustainable lending and investment – Equator Principles (p.84) 2018 Sustainability Performance Report: Principles for Responsible Banking Index (p.111) 2018-2020 Sustainability Strategy Climate Change Position Statement and 2020 Action Plan Website: BT Financial Group's PRI 2018 Responsible Investment Transparency Report Website: Our commitments and partnerships

Human rights reporting index

Westpac is a signatory of the United Nations Global Compact and supporter of the UN's 'Protect, Respect, Remedy' framework. Our implementation of the framework is guided by the UN Guiding Principles on Business and Human Rights. This is our second year of formally reporting our progress in line with the UNGP Reporting Framework's principles and criteria. In applying its principles, we will work towards improving the depth and quality of our responses to all criteria over time.

UN Guiding Principles Reporting Framework index

Question	Description	Location
Governance of respect for human rights		
A1	Public commitment to human rights	Human Rights Position Statement: Our commitments (p.3) Website: Human rights Website: The way we work – Principles for doing business
A2	Embedding human rights commitment	The fundamentals: Sustainability governance framework (p.62) Human Rights Position Statement: Our principles (p.5) Human Rights Position Statement: Related policies and position statements (p.23) Westpac Group Corporate Governance Statement: Ethical and responsible decision-making Website: The way we work – Principles for doing business
Defining focus of reporting		
B1	Statement of salient issues	The issues that matter: Value chain risk (p.48) The fundamentals: Material topics and management approach (p.69) Human Rights Position Statement: Our focus (p.6)
B2	Determining salient issues	The issues that matter: Value chain risk (p.48) The fundamentals: Material topics and management approach (p.69) Human Rights Position Statement: Our focus (p.6)
B3	Geographic focus	Not applicable
B4	Severe impacts	Not applicable
Risk management		
C1	Specific policies to address salient issues	Human Rights Position Statement: Our approach (p.7-16) Human Rights Position Statement: Related policies and position statements (p.23)
C2	Approach to stakeholder engagement on salient issues	The issues that matter (p.11) The fundamentals: Stakeholder engagement (p.67) Human Rights Position Statement: Engaging with stakeholders (p.18) Human Rights Position Statement: Effective grievance mechanisms (p.19) Website: Listening to stakeholder

Question	Description	Location
Risk management		
C3	Approach to identifying changes in salient issues over time	<p>The issues that matter (p.10)</p> <p>The fundamentals: Sustainability governance framework (p.61)</p> <p>Human Rights Position Statement: Our focus (p.6)</p> <p>Human Rights Position Statement: Our approach (p.7-8)</p> <p>Human Rights Position Statement: Engaging with stakeholders (p.18)</p> <p>Website: The way we work – Sustainability Risk Management Framework</p>
C4	Integration of findings relating to salient issues into decision-making	<p>The issues that matter (p.10)</p> <p>The fundamentals: Sustainability governance framework (p.61)</p> <p>Human Rights Position Statement: Our approach (p.7-16)</p> <p>Human Rights Position Statement: Governance of our human rights framework (p.18-20)</p> <p>Human Rights 2020 Action Plan (p.25-29)</p> <p>Website: The way we work – Sustainability Risk Management Framework</p>
C5	Tracking performance and actions on salient issues	<p>The issues that matter (p.10)</p> <p>The fundamentals: Sustainability governance framework (p.61)</p> <p>Human Rights Position Statement: Performance reporting and monitoring (p.20)</p>
C6	Remediation processes relating to salient issues	<p>2018 Annual Report: Sustainability performance (p.128)</p> <p>Human Rights Position Statement: Effective grievance mechanisms (p.19)</p> <p>Human Rights Position Statement: Related policies and position statements (p.23)</p>



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

What we found

Based on the work described below, nothing has come to our attention that causes us to believe that the selected subject matter for the year ended 30 September 2018 has not been prepared, in all material respects, in accordance with the reporting criteria.

What we did

Westpac Banking Corporation ('Westpac') engaged us to perform a limited assurance engagement on selected subject matter within the 2018 Westpac Group Sustainability Performance Report and the 2018 Westpac Group Annual Review and Sustainability Report (together 'the Reports').

Selected subject matter

- Westpac's assertion that the 2018 Westpac Group Sustainability Performance Report has been prepared in line with:
 - The AA1000 AccountAbility Principles (2008) ('AA1000'); and
 - The Global Reporting Initiatives' GRI Standards (the 'GRI Standards');

- selected performance indicators listed in Table 1 for the year ended 30 September 2018 (unless otherwise indicated by Westpac within the reports) (the 'selected performance indicators').

The selected subject matter did not include:

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

Reporting criteria

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

- Westpac's own definitions for each of the selected performance indicators, contained in the 'Glossary and definitions' section of the 2018 Westpac Group Sustainability Performance Report;
- AA1000; and
- the GRI Standards.

Table 1: Selected performance indicators

Sustainable lending and investment	<ul style="list-style-type: none"> Climate change solutions – Australia and New Zealand <ul style="list-style-type: none"> Total attributable financing (\$m) Distribution by technology type (%) Westpac electricity generation portfolio emissions intensity (tCO₂e/MWh)
Customers	<ul style="list-style-type: none"> Change in number of consumer complaints from prior year <ul style="list-style-type: none"> Australia (%) New Zealand (%) Complaints resolved within 5 days (%) – Australia
Employees	<ul style="list-style-type: none"> Employees (FTE) Group total Women in leadership (%) Whistleblower reporting – total number of new concerns by reportable conduct categories Lost Time Injury Frequency Rate – Group
Suppliers	<ul style="list-style-type: none"> Spend with Indigenous Australian suppliers (\$m) Top suppliers assessed under the Westpac Responsible Sourcing Program (%)
Social and economic impact	<ul style="list-style-type: none"> Community investment including commercial sponsorships Number of approved applications for financial assistance from customers experiencing financial hardship Financial education – number of participants – Group total

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Responsibilities

PwC

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

Westpac

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

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

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

What our work involved

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

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

Main procedures performed

- obtaining an understanding of Westpac's materiality process and assessing it against the AA1000 and GRI Standards requirements;
- reviewing a sample of supporting documentation and conducting interviews with management to assess whether the outputs of Westpac's materiality process fairly represent the material issues identified by stakeholders;

- reviewing the Westpac Group 2018 Sustainability Performance Report to assess whether it meets the disclosure requirements of AA1000 and the GRI Standards;
- interviewing selected members of the Westpac Executive team, business unit personnel and group level management to understand the key sustainability matters relevant to Westpac;
- making enquiries regarding the processes and controls for capturing, collating and reporting the performance data within the selected subject matter;
- reconciling a sample of the selected performance indicators back to underlying data sources;
- testing the arithmetic accuracy of a sample of calculations of the selected performance indicators;
- undertaking analytical procedures over a sample of the selected performance indicators;

- reviewing a sample of relevant management information and documentation supporting the selected subject matter; and
- reviewing the selected subject matter to assess whether it has been prepared as described in the reporting criteria.

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

Yours sincerely,

Liza Maimone
Partner

6 November 2018

PricewaterhouseCoopers
Melbourne

Our Independence and Quality Control

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

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

Limited assurance

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

Restriction on use

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

We consent to the inclusion of this report in the 2018 Westpac Group Sustainability Performance Report and the 2018 Westpac Annual Review and Sustainability Report to assist Westpac's members in assessing whether the directors have discharged their responsibilities by commissioning an independent assurance report in connection with the selected subject matter.

Inherent limitations

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

Glossary and definitions

Indicator or term	Definition
Absenteeism	Measured as the number of actual absentee days lost as a percentage of total days scheduled to be worked by the workforce for the same period. Employees absent from work because of incapacity of any kind, not as the result of work-related injury, excluding permitted leave such as holidays, study, parental and compassionate leave. Includes permanent full time, part time and maximum term employees.
Age and gender profile (%)	Refers to the proportion of male and female employees within each defined age bracket as at September 30. The figure includes full time, part time permanent and maximum term employees for Australia, Westpac Pacific and New Zealand.
Age profile of workforce compared to national labour force (%)	Compares the age profile of permanent employees (permanent full time, permanent part time and maximum term employees) to that of the national workforce. Australian workforce data is as per ABS 6291.0.55.001. New Zealand workforce data is as per the Department of Labour Key Information Tool (KIT).
ATMs	Refers to the total number of Westpac, St.George, BankSA and Bank of Melbourne branded automatic teller machines, including talking ATMs.
Average hours of training per year per employee	Total number of hours of training (both workshop and online) in the period as captured by Westpac Group learning management systems, divided by headcount as at 30 September. Excludes non-managed training and some training conducted at a business unit level. 'Australian employees' refers to geography of legal employer; which includes UK and US based employees. All data sourced from Australian and New Zealand Learning Management Systems (eAcademy; Way Ahead NZ and Learning Bank).
Bank@Post	Bank@Post outlets available to Westpac Group customers to provide basic cash & servicing transaction capability.
Base building emissions	Emissions from shared building facilities or services that are attributable to Westpac but not under our direct operational control, including both direct and indirect emissions sources (electricity, natural gas, diesel, transmission and distribution losses).
Branch	Refers to locations where customers can undertake retail transactions face-to-face including in-stores and advisory centres.
Branches with 24/7 capability	Branches that allow customers to self-serve 24/7 via a range of devices that allow them to withdraw and deposit cash, coin exchange etc. (N.B. not all these services would be available at every 24/7 zone). Access determined by individual location (i.e. shopping centre opening hours may prevent 24/7 access).
BT Financial Group portfolio carbon intensity	<p>BT Financial Group portfolio carbon intensity is made up of three metrics, intended to provide members of our internally managed superannuation and investment options with information on the investments they hold.</p> <p>The metrics include:</p> <ul style="list-style-type: none"> • Weighted Average Carbon Intensity describing each portfolio's exposure to each company's carbon intensity. Each company's carbon intensity is expressed in tonnes of carbon dioxide equivalents (tCO₂e) per million Australian dollars of revenue. • % of Fund covered by the carbon intensity analysis. Funds with a higher exposure to Australian and International Equities will have a higher portion included in the analysis. • Exposure to carbon-related assets providing the weight within the Australian and International equities allocation invested in the most carbon-intensive sectors. The Fund's overall exposure to these carbon-related assets is derived using the % of Fund covered by the analysis. Carbon-related assets have been selected with consideration given to TCFD recommendations and the characteristics of the Australian benchmark. <p>Note that BT Financial Group does not actively manage to a carbon benchmark; the analysis is used to understand where risks may lie within the portfolios, and provide customers with information on the investments they hold. More information on these metrics can be found on our website www.bt.com.au</p>
Business Connect	Video conferencing capability installed into a St George, BankSA or Bank of Melbourne branch providing support to small to medium sized commercial customers.
Business travel – Air	Air travel undertaken by Westpac Group employees for business purposes and booked through Westpac's preferred travel management supplier. For Australia and the UK, emission factors are sourced from the UK Government conversion factors for Company Reporting (2017, v1.0) published by DEFRA, excluding radiative forcing. For New Zealand, emission factors are sourced from the Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting, and are uplifted by 8% for greater circle distance as recommended by DEFRA.
Business travel – Hire vehicles and personal vehicles	Hire vehicle travel undertaken by Westpac Group employees for business purposes, including Preferred Supplier kilometres travelled and non-preferred spend. Data is supplied by the Preferred Supplier or extracted from Westpac's supplier database, and where required kilometres travelled are estimated based on average \$/km. For Australia and the UK, emission factors are sourced from the UK Government conversion factors for Company Reporting (2017, v1.0) published by DEFRA. For New Zealand, emission factors are sourced from the Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting. Personal vehicle travel includes distance travelled by employees using their vehicles for business purposes and is reported for New Zealand only.
Business travel – Hotels	Hotel stays include accommodation nights undertaken by Westpac Group employees in Australia and New Zealand booked through the Westpac preferred travel supplier agency. Emission factors are sourced from country specific factors in line with those set out within Government emission conversion factors for greenhouse gas company reporting issued by the UK Department of Environment, Food & Rural Affairs August 2017 (DEFRA (2017)). Excludes UK and Pacific.

Indicator or term	Definition
Business travel – Taxis	Taxi travel undertaken by Westpac Group employees in Australia and New Zealand for business purposes. For Australia, spend data is sourced from the Westpac supplier database and total kilometres travelled estimated utilising State based flag fall and kilometre fees of major taxi providers. Emission factors are sourced from the UK Government conversion factors for Company Reporting (2017, v1.0) published by DEFRA. For New Zealand, spend data is sourced from the supplier database and emission factors are sourced from the Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting.
Charitable gifts	Cash donations to charities, with no branding or strategic intent. Cash support for charitable purposes not directly linked to the company's community investment or commercial strategies. This donation type is typically made in response to an appeal or initiated by management or an employee, and tends to be one-off or at prompt from client.
Climate change solutions	<p>Lending and investment to climate change solutions is defined as the total direct and indirect financing of customers to the extent they are:</p> <ul style="list-style-type: none"> a) involved in climate change solutions activities reported in total committed exposures (TCE) as at 30 September; or b) undertake activities that are over and above what is considered to be business as usual in the relevant industry, and which produce a material net benefit to the environment. <p>To meet this, the activities must:</p> <ul style="list-style-type: none"> • involve process changes used to reduce environmental impacts or greenhouse gas emissions; and • be over and above normal compliance obligations (e.g. legal, license or regulations) <p>Climate change solutions activities are defined as any of the following:</p> <ul style="list-style-type: none"> • Energy Efficiency: Projects qualifying for government energy efficiency schemes • Green Buildings: Buildings that are able to demonstrate environmental credentials over and above normal compliance standards for the industry. This includes buildings that are able to demonstrate a minimum 5 Star NABERS rating in Australia and a minimum 5 Star Green Star rating in New Zealand. • Green Businesses: Businesses involved in providing green products or services including consulting • Renewable Energy: Projects qualifying for government renewable energy schemes and hydro-electric generation • Low carbon transport: Includes national rail and freight systems (where less than 50% of revenues or freight km come from haulage of fossil fuels), urban rail systems (e.g. metro and light rail), electric vehicles, fuel efficient vehicles, alternative fuel vehicles, Bus Rapid Transit, bicycle transport, aviation biofuel, transport logistics. • Adaptation infrastructure: Infrastructure to increase resilience of existing infrastructure (e.g. bridges and rail) to the physical impacts of climate change. Includes water desalination. • Low carbon infrastructure: Electricity transmission and distribution grids and related infrastructure to support renewable energy projects • Waste: Alternate waste treatment, resulting in displacement of carbon emissions resulting from landfill • Water: Rehabilitation of waterways, water recycling & efficiency. Excludes desalination projects • Carbon Farming Projects: Projects qualifying for inclusion in the Carbon Farming Initiative • Forestry: Plantation forestry only • Land Rehabilitation: Rehabilitation of contaminated land, returning developed land to natural habitat or otherwise reserving land for long-term carbon sequestration. <p>Direct financing refers to structured exposures to specific assets or unstructured exposures to an organisation whose operations are focused on only one type of activity that meets the definition for climate change solutions.</p> <p>Indirect financing refers to organisations where one or more of the following apply:</p> <ul style="list-style-type: none"> • Finance is provided centrally as unstructured lending and forms part of the general capital of the company at large; and/or • The company has operations other than climate change solutions; and/or • The company operates multiple assets or facilities that are funded centrally <p>For indirect financing, the total TCE is apportioned so that only the proportion attributed to climate change solutions activities is included. This proportion is based on available financial information (such as revenues or assets) for the period, which provide an indication of the extent of an organisation's activities or assets that relate to climate change solutions. In some cases, the TCE is apportioned based on the clean energy generation capacity of the organisation.</p> <p>Figures are for Australia and New Zealand only, and cover financing undertaken by Westpac Institutional Bank Australia and New Zealand, WNZL Business Banking (including corporate, mid-markets, agri and property finance), above a threshold of NZD1m TCE and Commercial and Business Bank above a threshold of AUD1m from 1 October 2013 TCE. For WNZL exposures below NZD1m and for all Commercial and Business Bank retail exposures (Aust and NZ), only new lending (after 30 September 2012) and facilitated investment associated with green products fitting the climate change solutions activity definition are included.</p>
CO₂-e	Carbon Dioxide equivalent (CO ₂ -e) is the universal unit of measurement for measuring carbon dioxide footprint. It is used to indicate the radiative forcing of the six greenhouse gases relative to carbon dioxide (CO ₂). CO ₂ -e is calculated using the Global Warming Potential of each gas.

Indicator or term	Definition
CO₂-e/employee	This is a normalised figure describing the tonnes of Scope 1 and 2 greenhouse gas emissions per full time equivalent employee (FTE) during the reporting year. Note that FTE data is calculated on a 30 June year-end consistent with environmental data. Australian emissions data is prepared in alignment with NGER and New Zealand data is prepared in alignment with New Zealand Ministry for the Environment guidance for GHG reporting.
CO₂-e/m²	This is a normalised figure describing the tonnes of Scope 1 and 2 greenhouse gas emissions per weighted net lettable area (NLA) measured in square metres (m ²). Australian emissions data is prepared in alignment with NGER and New Zealand data is prepared in alignment with New Zealand Ministry for the Environment guidance for GHG reporting.
Commercial sponsorships	Activities in the community, usually by commercial departments, to directly support the success of the company, provide direct opportunities to sell the company's products and service, promote its brand identities and other policies, in partnership with charities and community based organisations with the purpose of generating business and/or commercial gain.
Community investment as a % of operating profit before income tax (Cash Earnings basis)	Refers to the total Group Community Investment made during the reporting year as expressed as a proportion of operating profit before income tax (cash earnings basis) over the same period.
Community investment as a % pre-tax profits	Refers to the total Group Community Investment made during the reporting year as expressed as a proportion of pre-tax profit over the same period.
Community partnerships	Contributions that are typically: <ul style="list-style-type: none"> • Over a longer period, e.g. one-to-five years • Represent strategic investments in community partnerships • Address specific community issues chosen by the company to fulfil a business objective, such as a culture of engagement, and to support employee desires to make a contribution to the communities which in turn support our enterprise. <p>These contributions include partnerships with non-profits or community groups, which have been selected due to their programs' relevance to Westpac Banking Group's business objectives. They also include memberships and subscriptions to non-profit and community groups.</p>
Complaints resolved within five days	The percentage of customer complaints that are resolved within five business days from the date the complaint was lodged in the system, including those complaints that are resolved at the first point of contact. Based on the total number of complaints tracked during the reporting period.
Connect Now	Video conferencing capability installed into a Westpac Branch (excluding in-stores) providing access to Small Business Lending, Home Lending, Financial Planning, Personal Lending and other specialist services (e.g. FFX) over Video conference where these services are not available in the branch face-to-face.
Customer complaints	Complaints reported are those recorded in the Bank's complaint systems, which are deemed to meet the ASIC Definition Australian Standard ISO 10002-2006: Expression of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required. Complaints recorded by Westpac Group personnel in Australia for Australian banking, BT Financial Group personnel in the Bank's complaint systems for BT Financial Group, and WNZL personnel in the Bank's complaint systems for New Zealand.
Customer numbers	All customers with an active relationship (excludes channel only and potential relationships). For Australian Banking an active relationship is where the customer has at least one open product; where a product has joint ownership, both owners are counted.
Customers experiencing financial hardship who accessed a financial assistance package	Financial hardship occurs when a person is willing but unable to meet their repayment obligations for a period of time due to an unexpected event or unforeseen change in circumstances, such as illness or injury, a relationship breakdown, or a change in employment. Each request is assessed on a case-by-case basis.
Digitally active customers	Westpac Group customers who, as at 30 September have successfully authenticated into the Bank's digital banking platforms (including Quick zone) within 90 days. This is automatically calculated via the Bank's Group Data Warehouse system, which captures customer authentication records via the banking platforms.
Doing the Right Thing training	Through interactive scenarios employees learn what doing the right thing means and looks like in the areas of our code of conduct; acting with integrity; maintaining privacy; equal employment opportunity in action; AML and counter-terrorism; operational risk; our information security; giving advice; managing regulator relationships; managing records; information security; complaints management and resolutions; sanctions. This training must be completed by all new recruits and existing employees every two years.

Indicator or term	Definition
Domestic air travel	For Australia this includes passenger kilometres travelled for all domestic flights as provided by air travel supplier. Emission factors are sourced from the UK Government conversion factors for Company Reporting (2017, v1.0) published by DEFRA. For New Zealand this includes passenger kilometres travelled for domestic flights as provided by travel suppliers, assumed to be an accurate reflection of the direct distance between flight points. The emission factors used are sourced from the New Zealand Ministry for the Environment, Guidance for Voluntary, Corporate Greenhouse Gas Reporting. An aviation multiplier of 1.08 is applied to reflect non-direct flights. UK data is based on the total number of flights within Europe multiplied by the average distance. Emissions are calculated using the Greenhouse Gas Protocol emissions factor for economy class short-haul flights.
Electricity efficiency (kWh/m²)	Electricity consumption measured in kilowatt hours (kWh) over weighted net lettable area (NLA) measured in square metres (m ²) for Australian and New Zealand commercial and retail properties and subsidiaries. This includes commercial offices, contact centres, disaster recovery sites, branches, business banking and subsidiaries and excludes stand-alone ATMs, stand-alone data centres, sites over which the Westpac Group does not have operational control, and all facilities in the Pacific, UK, USA and Asia.
Electricity generation – Australia and New Zealand	<p>This includes both direct and indirect financing to energy generation assets in the Australian and New Zealand electricity markets, reported in total committed exposures (TCE) as at 30 September.</p> <p>Direct financing refers to structured exposures to specific energy generation assets or unstructured exposures to an organisation whose operations are focused on only one type of energy generation asset that is registered for operation in Australian or the New Zealand electricity markets.</p> <p>Indirect financing organisations are where one or more of the following apply:</p> <ul style="list-style-type: none"> • Finance is provided centrally as unstructured lending and forms part of the general capital of the company at large; and/or • The company has operations other than electricity generation; and/or • The company operates multiple generation assets or facilities that are funded centrally. <p>Where a company has operations other than electricity generation and/or operates multiple generation assets or facilities, TCE is apportioned based on the proportional value contribution of the energy generation business of each organisation and the relative proportions of the different types of energy generation within each organisation. Figures do not include generator financing outside of Australia and New Zealand and refer only to financing undertaken by Westpac Institutional Bank (Infrastructure and Utilities) and Westpac NZ.</p>
Electricity generation portfolio emissions intensity – Australia	<p>The average financed greenhouse gas emissions intensity is calculated by weighting each credit exposure by the greenhouse gas emissions intensity of each company (or Special Purpose Vehicle), where that entity is borrowing in Australia dollars and energy generation forms a major part of their business.</p> <p>The greenhouse gas emissions intensity of a company is calculated as the average greenhouse gas emissions intensity of their generation portfolio (scope 1 and 2 only), weighted by the most recently available generation data.</p> <p>Where greenhouse gas emissions intensity for a facility is not available from data provided under the National Greenhouse and Energy Reporting Act (2007) or other publicly available sources, an average greenhouse gas emissions intensity of similar facilities is applied.</p>
Employee Assistance Program utilisation (%)	The Employee Assistance Program (EAP) is an independent, professional, and confidential counselling and coaching service available to all employees and their immediate families for both personal and work related issues. The EAP utilisation represents the proportion of employees who have accessed the EAP for support throughout the defined reporting period. Utilisation is reported as a % of the headcount of permanent employees in Australia and the Pacific. Higher engagement in EAP utilisation demonstrates positive help seeking behaviours, meaning our people are receiving support when they need it.
Employee engagement	Employee Engagement Index shows the percentage of Westpac Group employees who answered favourably to four engagement survey questions on pride, satisfaction, advocacy and retention on a scale of 1 to 5 where 1 is Strongly Disagree and 5 is Strongly Agree. From 2016 employee engagement survey adopted a new methodology and survey provider.
Employee numbers	The number of the headcount (total number of full time, part time and temporary) as at 30 September.
Employee voluntary attrition (%)	Refers to the total number of permanent (full time and part time) and maximum term employees (those leaving before their contract has expired) that voluntarily separated from the Westpac Group during the 12-month period, over the average total headcount for the 12-month period. Westpac Pacific figures included since FY15.
Employee voluntary attrition (number)	Refers to the total number of permanent (full time and part time) and maximum term employees (those leaving before their contract has expired) that voluntarily separated from the Westpac Group during the 12-month period. Westpac Pacific figures included since FY15.
Employees accessing parental leave	The total number of employees, including permanent full time, part time and maximum term employees accessing parental leave during the reporting period.

Indicator or term	Definition
Energy consumption - Electricity (GJ)	Total consumption of electricity purchased from the grid for the year ending 30 June, as per supplier invoices for all facilities under the operational control of Westpac, normalised to gigajoules.
Energy consumption - Fuels (GJ)	Total consumption of liquid and gaseous fuels (natural gas, diesel, gasoline and LPG) used for stationary and transport purposes, as per supplier invoices or provider reports for all facilities under the operational control of the Westpac Group, normalised to gigajoules.
Enhanced lending criteria to coal-fired generation (Climate Change Position Statement)	All lending during the year to coal fired generation facilities is compliant with limits as established in 'Action Plan 2 - Energy System, Energy Generation' of the Climate Change Position Statement and 2020 Action Plan. Figures are for Australia and WIB only.
Enhanced lending criteria to existing thermal coal sector customers (calorific value >5,700 kCal/kg)	All lending to existing customers, mines or projects in the Thermal Coal Sector is compliant with limits as set out in 'Action Plan 2 - Energy System, Coal Mining' of the Climate Change Position Statement and 2020 Action Plan (calorific value >5,700 kCal/kg Gross As Received)
Enhanced lending to new thermal coal mines or projects (calorific value >6,300 kCal/kg)	All lending to new customers, mines or projects in the Thermal Coal Sector is compliant with limits as set out in 'Action Plan 2 - Energy System, Coal Mining' of the Climate Change Position Statement and 2020 Action Plan (existing coal producing basins and calorific value >6,300 kCal/kg Gross As Received)
Equator Principles	The Equator Principles are a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing. Westpac applies the Principles against all project finance activities regardless of size. The full list of Principles can be found at www.equator-principles.com . Project finance is a form of debt financing that relies on repayment from the underlying project cash flows, with no recourse to other assets or support from the parent company. Loan exposures include both direct and contingent lending, and are represented by sector, geography and Equator Principle categories.
E-Waste	Electronic waste recycled, re-purposed or re-used in Australia by Westpac Group's preferred provider. From 2015, this includes IT hardware and peripherals. Excludes New Zealand, Pacific and UK.
Family of giving	Refers collectively to Westpac Group's five foundations (Westpac Foundation, Westpac Scholars, St.George Foundation, Bank of Melbourne Neighbourhood Fund and BankSA Foundation).
Female/Male salary ratios	Refers to the average full time equivalent (FTE) base salary (excluding variable reward, leave loading, superannuation and any other allowances) for males and females across the Westpac Group broken down by the classification levels consistent with our reporting to the Board to satisfy ASX listing requirements. The report includes permanent employees (full time, part time and flexi part time), employees on a fixed term arrangement (full time maximum term, part time maximum term and flexi part time maximum term), and expatriate employees. The annualised salaries are included for those employees who have been with Westpac for part of the reporting year.
Financial Assistance	Financial assistance options that may be available to customers include reduced or deferred repayments and reduction in interest charges.
Financial education (hours)	Refers to the number of hours of financial education, offered by the Westpac Group, undertaken by employees, customers and the general public (including via online channels). In Australia financial education covers personal, business and social sector content inclusive of modules on financial basics, owning your home, building wealth, retirement planning, starting and growing a business and financials for non-profit organisations. New Zealand and Pacific businesses deliver locally tailored programs.
Financial education (participants)	Refers to the total number of employees, customers and general public attending financial education courses offered by the Westpac Group during the year (including online webinars). In Australia financial education covers personal, business and social sector content inclusive of modules on financial basics, owning your home, building wealth, retirement planning, starting and growing a business and financials for non-profit organisations. New Zealand and Pacific businesses deliver locally tailored programs.
Fleet - Emissions per vehicle	Refers to the total Scope 1 emissions from fuel consumption used by Australian and New Zealand based fleet vehicles under Westpac Group operational control during the year divided by the average number of vehicles in the fleet during the reporting year.
Fleet - Fuel consumption per vehicle	Refers to the total kilolitres of fuel used by Australian and New Zealand based fleet vehicles under Westpac Group operational control during the year divided by the average number of vehicles in the fleet during the reporting year.

Indicator or term	Definition
Foregone fee revenue	Where the financial institution has made an effective donation by not charging fees to charitable organisations or low-income earners. The estimated value of the effective donation is calculated as the difference between what was charged (if anything), and what would have been charged on equivalent standard accounts.
Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) accredited paper purchased	The percentage of paper purchased during the reporting period that has some content that is accredited by the Forest Stewardship Council (FSC) and/or Programme for the Endorsement of Forest Certification (PEFC) as indicated by the supplier. FSC has been recognised as an international organisation that provides a system for different stakeholders interested in forest issues to work towards responsible forest management. In providing this system, FSC promotes environmentally appropriate, socially beneficial, and economically viable management of the world's forests.
Full time equivalent (FTE)	Total full-time equivalent (FTE) employees of the Group as at 30 September. One full-time equivalent (FTE) is 76 hours paid work per fortnight. Full-time equivalent employees include permanent (full-time and pro-rata part-time staff) employees, and temporary (overtime, temporary and contract staff) employees.
General recycling (tonnes)	Total waste recycled or reused (or otherwise diverted from landfill) for commercial and retail facilities under Westpac Group's operational control, for the year-end 30 June. Includes commingle, organics, cardboard, glass, printer cartridges/toners and e-waste, where data is available. Excludes stand-alone ATMs and fleet. For Australia, commercial sites and data centres are based on recycling provider invoices where available or estimated based on averages from properties within the same portfolio for which actual data is available. For retail sites, based on representative waste audits and extrapolated across the retail network. For New Zealand, based on supplier records.
Global Warming Potential (GWP)	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO ₂ .
Greenhouse Gases (GHG)	Greenhouse gases include the six gases listed in the Kyoto Protocol (CO ₂ , CH ₄ , N ₂ O, SF ₆ , hydrofluorocarbons and perfluorocarbons) as well as the Montreal Protocol gases, where activity data is available and meets materiality requirements. For Australia, GHG's are calculated in accordance with the National Greenhouse and Energy Reporting Act 2007 (NGER Act) and the National Carbon Offset Standard. For New Zealand GHG are calculated in accordance with the Ministry for the Environment, Guidance for GHG Reporting. For UK and Pacific, GHG's are calculated in accordance with the GHG Protocol.
Group community investment (\$AUD)	Total amount in AUD provided in support of community based activities during the reporting year. It includes monetary contributions, time contributions, management costs and in-kind contributions comprising of gifts and foregone fee revenue or donations. Reported amounts have been compiled with reference to the Global Reporting Initiative's Standards under 103-2 and the Financial Services Sector Disclosures. Refer to separate definitions for each of these items for more detail of inclusions.
Group lending profile	Represents total exposure in lending products broken down by geography (based on country of booking location and by sector (based on Australian New Zealand Standard Industrial Classification (ANZSIC) codes produced by the Australian Bureau of Statistics and the New Zealand Department of Statistics) and assigned by Westpac based on companies primary source of revenue. All data is in exposure at default.
Indigenous Australians new-to-bank hires as a percentage of total hiring	The percentage of new-to-bank Indigenous hires, including trainees, interns and other program participants as a percentage of total new-to-bank external hires.
In-kind gifts or donations	In-kind donations – Use of company premises, donation of resources such as computers and in-kind marketing to community organisations.
In-store	In-store is a value added service to the EFTPOS platform. In-store is designed to bring specific banking facilities to communities through local businesses (merchants) and is designed to be used not only in urban areas but extends to rural and remote areas that have had no banking presence before. Through an in-store, Westpac customers have the opportunity to do the following basic banking services all through a standard EFTPOS terminal: Withdrawal, Deposit, Pay others, Transfer, Bill Pay, Mini Statement and Balance Enquiry.
International air travel	For Australia includes passenger kilometres travelled for all international and Trans-Tasman flights as provided by air travel supplier. Emission factors are sourced from the UK Government conversion factors for Company Reporting (2017, v1.0) published by DEFRA, based on flight distances and air travel class. For New Zealand includes passenger kilometres travelled for international and trans-Tasman flights as provided by travel suppliers, assumed to be an accurate reflection of the direct distance between flight points. The emission factors used are sourced from the New Zealand Ministry for the Environment, Guidance for Voluntary, Corporate Greenhouse Gas Reporting, based on flight distances. An aviation multiplier of 1.08 is applied to reflect non-direct flights. For UK data is based on total number of flights outside Europe multiplied by the average distance. Emissions are calculated using the Greenhouse Gas Protocol emissions factor for economy class short-haul flights.

Indicator or term	Definition
Lost Time Injury Frequency Rate (LTIFR)	Lost Time Injury Frequency Rate (LTIFR) measures the number of Lost Time Injuries (LTIs), defined as injuries or illnesses (based on workers compensation claims accepted) resulting in an employee being unable to work for a full scheduled day (or shift) other than the day (or shift) on which the injury occurred where work was a significant contributing factor, per one million hours worked in the rolling 12 months reported. Westpac Pacific figures included from FY16 (not included in prior years).
Management costs	<ul style="list-style-type: none"> General – Management costs comprise of salaries and on-costs of employees involved in facilitating donations and volunteering by employees, managing the community investment program, as well as non-wage administration costs e.g. research or evaluation and communications. Indigenous – Management costs comprise the relevant proportion of salaries and on-costs of employees involved in facilitating donations and volunteering by employees, managing the community investment program, as well as non-wage administration costs e.g. research or evaluation and communications.
Matched giving	Where employees raise or donate money and the financial institution matches with its own contribution. Only the money the financial institution itself donates is counted, not that contributed by employees.
Mining – Group	Data is reported in Total Committed Exposure (TCE) as at 30 September. Data represents group wide exposures (TCE) to all customers where mining forms the primary basis of their business. Where companies operate in multiple industries they are classified according to their primary industry exposures into six commodity categories (coal mining, oil and gas extraction, iron ore mining, other metal ore mining, mining services and other) and are reported as a percentage of the metric Mining – Group. Where companies have more than one mining activity TCE is apportioned based on the majority activity of the company. Where the major activity does not meet any of the categories presented above, the exposure has been categorised as other.
Mobile active customers	Unique customers who have successfully authenticated (including Quick zone) into the digital banking platforms via a mobile device within 90 days.
Monetary contributions	Monetary contributions are comprised of charitable gifts of money or other cash donations, matched giving and community partnerships.
NEM	National Electricity Market. The average emissions intensity of generation for the NEM is determined as the sum of emissions arising from electricity generation on the NEM, divided by the sum of sent out generation.
Net Lettable Area (NLA)	Net lettable area (NLA) is measured in square metres (m ²) as recorded on lease agreements during the reporting year. Weighted NLA is calculated as net lettable area (m ²) x days in operational control / days in the period.
Net Promoter Score (NPS)	Net Promoter Score measures the net likelihood of recommendation to others of the customer's main financial institution. Net Promoter Score SM is a trademark of Bain & Co Inc., Satmetrix Systems Inc., and Mr Frederick Reichheld. Using a scale of 0 to 10 (0 means 'extremely unlikely' and 10 means 'extremely likely'), the 0-6 raters (detractors) are deducted from the 9-10 raters (promoters).
Net Promoter Score (NPS) – business	Source: DBM Consultants Business Financial Services Monitor, September 2014 – September 2018, 6MMA. MFI customers, all businesses.
Net promoter Score (NPS) – consumer	Source: DBM Consultants Consumer Atlas, September 2015 – September 2018, 6MMA. MFI customers.
New starter retention	Voluntary new starter retention over the new starter headcount for the 12-month period (permanent full time and part time employees). Westpac Pacific figures included since FY15.
New starters (%)	Voluntary new starters over the 12-month average headcount for period (includes permanent full time and part time employees). Westpac Pacific figures included since FY15.
New starters (number)	Total number of new starters over the last 12 months (includes permanent full time and part time employees). Westpac Pacific figures included since FY15.
New starters by gender and age	The total number of employees (permanent full time and part time) who started in FY15, FY14 and FY13 respectively split by age and gender. Number and percentage of the total. Westpac Pacific figures included since FY15.
Occupational health and safety training	Our global program of OH&S training is made up of five e-learning modules: Doing the Right Thing, Your Health and Safety, Building Emergence Procedures, Health & Safety for People Leaders, Hazard Management for People Leaders, and a face-to-face training H&S Leadership program (HSL). The full program is available in Australia and New Zealand and the five e-learning modules available globally. Prior to 2015, NZ employees undertook 'Doing the Right Thing' training (one module of the full global program). Data prior to 2015 excludes Asia and the Pacific. All permanent employees and temporary employees of more than 30 days are required to complete this training.
Office paper (tonnes)	Total office copy paper purchased by the Westpac Group in Australia and New Zealand as reported by suppliers (in tonnes).
Office paper (tonnes)/ employees (FTE)	Normalised figures of total office copy paper purchased by the Westpac Group in Australia and New Zealand as reported by suppliers (in tonnes) per Full Time Equivalent employee (FTE) during the reporting year. Note that FTE data is calculated on a 30 June year-end, consistent with environmental data.

Indicator or term	Definition
Paper consumption (tonnes)	Total office paper and paper products purchased (in tonnes) by the Westpac Group as reported by suppliers. Includes office copy paper, paper products and printed materials, including direct mail and marketing documents (e.g. office stationery, marketing brochures, customer statements). Emission factors are calculated utilising the Victoria Government GHG emission factors for office copy paper.
Paper recycling (tonnes)	Total paper recycled via secure document recycling (in tonnes) including archived documents that have exceeded their expiry date, for commercial and retail facilities under Westpac Group's operational control, as reported by recycling provider. Includes commercial offices, retail and business banking centres and data centres. Excludes stand-alone ATMs.
Positive impact finance	Positive impact finance is that which verifiably produces a positive impact on the economy, society or the environment once any potential negative impacts have been duly identified and mitigated. Positive Impact Finance includes: <ul style="list-style-type: none"> • lending that directly addresses a widely recognised societal issue, or to sectors or markets that operate with an explicit societal goal; and • deposits or products and services provided (other than lending) to customers or markets that would otherwise meet our definition of positive impact. This does not include lending to any individual customer where we have made a specific sustainability requirement as part of our lending or encouraged sustainable practices as part of our customer engagement.
Power usage effectiveness (PUE)	Power Usage Effectiveness (PUE) is an industry accepted ratio for the measurement of the effective usage of electrical power in a standalone Data Centre Facility and is represented by the quotient Total Facility Power Load divided by IT Equipment Power Load. PUE is calculated for Australian Data Centres only.
Rate of return from parental leave	The total number of employees, including permanent full time, part time and maximum term employees returning from parental leave during the reporting period. Excludes Westpac Pacific.
Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual). Compensation for the highest paid individual comprises: <ul style="list-style-type: none"> • Annual total remuneration; • Short-term incentives; • Long-term incentives (based on the grant value); and • Other quantifiable benefits (such as insurance or medical checks).
Reconciliation Action Plan (RAP)	A Reconciliation Action Plan (RAP) is a strategic commitment by an organisation to supporting reconciliation with Aboriginal and Torres Strait Islander peoples. A RAP provides the basic framework of actions that will drive reconciliation and assist in the development of respectful relationships with Indigenous peoples based on mutual trust. A RAP identifies areas of action to advance reconciliation and sets clear, realistic targets that an organisation can take to improve the relationship between Indigenous people and other Australians both within the organisation and more widely. A RAP also creates meaningful opportunities for Aboriginal and Torres Strait Islander people to become involved with an organisation, and benefit from that involvement.
Recycled content paper purchased	The percentage of paper purchased during the reporting period that has some content that is from recycled sources as indicated by the supplier.
Responsible Sourcing Code of Conduct	We ask our suppliers and others seeking to do business with us to comply with Westpac's Responsible Sourcing Code of Conduct. It sets out Westpac's standards of ethical, social and environmental business practices required for suppliers. The Code of Conduct is available at: Website: Sustainable Sourcing - Responsible Sourcing

Indicator or term	Definition
Responsible Sourcing Program	<p>The Westpac Responsible Sourcing Program is a program designed to</p> <ol style="list-style-type: none"> 1. Guide the identification, assessment, prioritisation and management of ESG-related risks as they relate to suppliers, and 2. Enhance opportunities for creating positive environmental and social outcomes via supplier engagement and collaboration <p>As part of the Westpac Responsible Sourcing Program relevant suppliers are assessed for ESG supply chain risk.</p> <p>The Westpac Responsible Sourcing Program is applicable to those suppliers that satisfy the following:</p> <ol style="list-style-type: none"> I) Suppliers being (or previously) on-boarded or participating in formal market engagement processes facilitated by Westpac Group sourcing functions, business units, brands and subsidiaries through new contracts and renewals; or II) Suppliers that supply conventional goods and services; <p>And</p> <ol style="list-style-type: none"> III) Suppliers with which Westpac has entered into a formal contract with a duration of 12 months or more; or IV) Suppliers that are defined as strategic, material or major.
Self-assessment	<p>We ask our suppliers and others seeking to do business with us to comply with Westpac's Responsible Sourcing Code of Conduct. Compliance typically involves a self-assessment against the Code of Conduct. Relates to self-assessment undertaken during the reporting period.</p>
Skilled volunteering	<p>Volunteering that utilises employee skills including unique life and/or professional skills and advice to help not-for-profits or community organisations realise and achieve their potential and aspirations. The value of skilled volunteering time is calculated based on hours logged to skilled volunteering time in Group's HR systems or other internal records, multiplied by the derived average hourly salary of senior leaders for the financial year.</p>
Smart ATMs	<p>Automatic teller machines with deposit-taking functionality. Numbers exclude old-style envelope deposit machines.</p>
Social and Affordable housing lending and services	<p>Refers to the Total Approved Exposure across WIB, WNZL and AFS committed to customers in the Social and Affordable Housing sector.</p> <p>Social Housing is low-cost housing provided to tenants who are typically reliant on benefits as a significant source of income. Tenants cannot pay more than 35% of their income on rent.</p> <p>Affordable Housing is provided to employed tenants who have low or moderate incomes and priced to ensure households are able to meet other essential basic living costs. Rent must be less than 80% of the market rent.</p> <p>These customers include Community Housing Providers, Property Investors with National Rental Affordability Scheme (NRAS) Entitlements, Not-for-Profits that provide low cost or free accommodation and Public Private Partnerships in social and affordable housing.</p> <p>This excludes Borrowers who have a total aggregate exposure of less than \$1.0m, individual AFS retail customers who have sought financing of NRAS affordable housing and listed and unlisted property developers who participate in the development of affordable housing through the utilisation of NRAS entitlements.</p>
Social impact framework	<p>Community investment decision-making framework for the Group, which identifies the community focus areas where the organisation can deliver the greatest positive social impact. The framework also articulates the social impact outcomes and performance measures against these outcomes. Provided below is further detail on the overarching goal and three focus areas of our social impact framework:</p> <ul style="list-style-type: none"> • Advancing the nation through social change (see also pillar three of our 2020 Sustainability Strategy): Refers to the Group's overarching community investment goal to set the agenda for responsible banking and lead on meaningful social progress in Australia and beyond. • Enabling more inclusive banking and building financial capability (see also pillar one of our 2020 Sustainability Strategy): Refers to Group activities that support people facing financial hardship and lift inclusion through access to fair and appropriate financial services, awareness and education. • Helping out in times of need (see also pillar two of our 2020 Sustainability Strategy): Refers to Group activities that provide emergency relief to communities during disasters, and help people recover faster and better from financial crisis. • Investing in economic wellbeing and greater prosperity (see also pillar three of our 2020 Sustainability Strategy): Refers to Group activities that identify, pilot and finance innovative ideas and partnerships to create opportunities for economic participation and increase financial wellbeing and prosperity.
Speaking Up reporting	<p>Number of concerns reported directly into the Group's Concern Online system, via the Group's whistleblower hotline or to the Group's Whistleblower Protection Officer. Total concerns are broken down into classifications and the substantiation status, as determined by the investigation. Whistleblower Policy to be known as Speaking Up from November 2018.</p>

Indicator or term	Definition
Spend with indigenous suppliers	Annual spend with businesses that are 50% or more owned and operated by an Aboriginal or Torres Strait Islander person and certified with a relevant member organisation. Indigenous owned businesses are defined at: Website: Supplier inclusion and diversity – Supplier Inclusion and Diversity Policy
Suppliers by type	Types include: <ul style="list-style-type: none"> • IT and telecommunications: Includes professional IT services, business process outsourcing, telecommunications, application services and infrastructure. • Operations and Property: Includes security, facilities maintenance, catering, utilities, valuations, settlements, freight, travel, entertainment, conferences, information services, and office suppliers. • Products, Marketing & Digitisation: Includes customer loyalty, schemes and cards, event management, marketing services, media, market research, mail and sponsorship. • Workforce Enablement, Services and Wealth: Includes recruitment, training, wardrobe, staff wellbeing services, legal and consulting. • Other: Includes those not captured in the above categories.
Tenure & gender profile (%)	Tenure and gender profile refers to the proportion of male and female employees (permanent full time, part time and maximum term) within each defined bracket of years of employment at the end of the reporting period. Westpac Pacific figures included since FY15.
Top suppliers	Top 100 suppliers to Westpac Australia by spend for the 12 months ended August 2017.
Total committed exposure (TCE)	The maximum amount of credit exposure Westpac has approved to incur for a particular customer or project. This is the total value of any outstanding credit facilities plus unutilised limits of facilities.
Total employees by employment type and region (headcount)	Refers to the total number of employees by headcount including full time, part time permanent employees, maximum term employees and contractors broken down by region as at 30 September.
Total Reportable Injury Frequency Rate (TRIFR)	Total Reportable Injury Frequency Rate (TRIFR) measures the number of recorded injuries (lost time injuries, restricted work injuries and other injuries requiring medical treatment), where work was a significant contributing factor, per one million hours worked in the rolling 12 months reported.
Total Scope 1 and 2 emissions (tCO₂e)	Total Scope 1 and Scope 2 emissions as a result of Westpac Group's operations across Australia, New Zealand, UK and Pacific.
Total Scope 1 greenhouse gas emissions (tCO₂e)	Scope 1 emissions are the release of greenhouse gases into the atmosphere as a result of Westpac Group's direct operations for the period 1 July – 30 June. Australian data is prepared in accordance with the National Greenhouse and Energy Reporting Act. New Zealand data is prepared in accordance with the New Zealand Ministry for the Environment's Guidance for GHG reporting.
Total Scope 2 greenhouse gas emissions (tCO₂e)	Scope 2 emissions are indirect greenhouse gas emissions from the consumption of purchased electricity by Westpac Group for the period 1 July – 30 June. Australian data is prepared in accordance with the National Greenhouse and Energy Reporting Act. New Zealand data is prepared in accordance the New Zealand Ministry for the Environment's Guidance for GHG reporting, using emission factors from the Ministry for Business, Employment and Innovation.
Total Scope 3 greenhouse gas emissions (tCO₂e)	Scope 3 emissions are indirect greenhouse gases emitted as a consequence of Westpac Group operations but occur at sources owned or controlled by another organisation. Australian data is prepared in accordance with the National Carbon Offset Standard. New Zealand data is prepared in accordance the New Zealand Ministry for the Environment's Guidance for GHG reporting.
Total supply chain spend	Total dollars spent captured through Group reporting systems in AUD with external suppliers who provide products or services to the organisation during the reporting period.
Transmission & distribution losses	Emissions from energy losses that are attributable to the transmission and/or distribution of energy to the end user. For Australia this includes electricity and natural gas. For New Zealand this includes electricity only.
Transport – Fleet vehicles	Includes consumption of liquid fuels for transport purposes (diesel, gasoline) by vehicles under Westpac Group operational control, regardless of whether these vehicles are owned or leased. Excludes Novated Lease, salary sacrifice purchased vehicles, transport services provided by a third party supplier or vehicles sponsored by the Westpac Group. For Australia this includes emissions from direct Scope 1 (fuel consumption) and indirect Scope 3 (upstream extraction and distribution) prepared in accordance with NGER and the NGA Factors. For New Zealand this includes direct Scope 1 emissions only prepared in accordance with the Ministry for the Environment, Guidance for Voluntary, Corporate GHG Reporting.

Indicator or term	Definition
Volunteer time	Staff participation in authorised volunteering activities. The value of volunteer time is calculated based on total community leave hours recorded in the Group's HR systems or other internal records, multiplied by the derived average hourly salary for all employees in the financial year.
Waste diversion (%)	Waste diversion includes all commercial office waste in Australia over which Westpac has direct control. The number of commercial offices reporting on target will increase year on year as waste management practices are implemented. Diversion is calculated as the percentage of waste that does not go to landfill (tonnes) compared to the total waste generated (in tonnes, including waste recycled, reused, donated, processed as waste to energy and waste sent to landfill). Excludes storage units, retail sites (branches & business banking centres), stand-alone ATMs, stand-alone data centres, fleet and sites over which the Westpac Group does not have direct control over waste contracting or operational control.
Waste to landfill (tonnes)	Total waste sent to landfill across commercial and retail facilities under Westpac Group's operational control for the year ending 30 June. Excludes stand-alone ATMs and fleet. For Australia, commercial facilities and data centres are based on provider invoices where available and estimated based on averages from properties within the same portfolio for which actual data is available. For retail sites these are based on representative waste audits and extrapolated across the retail network. Emission factors are sourced from the National Greenhouse Accounts Factors for commercial and industrial waste. For New Zealand, these are based on provider records and calculated in accordance with the Ministry for the Environment Guidance for GHG Reporting.
Water consumption (kL)	Water consumption is the total potable water consumed at facilities under Westpac Group operational control. Water consumption is based on supplier reports where available, or estimated based on the net lettable area and average consumption of similar properties for which actual data is available. Excludes recycled and reclaimed water consumption.
Water consumption in Australian workplaces (kL)	Water consumption for all Australian workplaces, including commercial, retail, data centre and subsidiary sites. Excludes recycled and reclaimed water consumption and all other commercial offices, storage units, retail sites (branches & business banking centres), stand-alone ATMs, stand-alone data centres, fleet and sites which the Westpac Group does not have operational control over.
Women in leadership – Board (%)	Refers to the % female Board directors including executive and non-executive directors at the end of the reporting period.
Women in leadership	Women in Leadership refers to the proportion of women (permanent and maximum term) in leadership roles across the Group. It includes the CEO, Group Executives, General Managers, senior leaders with significant influence on business outcomes (direct reports to General Managers and their direct reports), large (3+) team people leaders three levels below General Manager, and Bank and Assistant Bank Managers.

2018 Sustainability Performance Report

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To find out more about Westpac Group's sustainability approach, policies and performance, please visit www.westpac.com.au/sustainability.

For information on our compliance with international agreements, including the United Nations Global Compact and Declaration on Human Rights, contact the Group Head of Sustainability at sustainability@westpac.com.au.

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Westpac Group's 2018 Annual Reporting Suite



Mattresses for recycling at Soft Landing. Read the full story on page 47.

This annual Sustainability Performance Report for the year ending 30 September 2018 forms part of Westpac Group's 2018 reporting suite. The reporting suite also includes the Annual Report and Annual Review & Sustainability Report. The Annual Report includes the full financial statements for the year, Directors' report, Remuneration report including executive remuneration, and other detailed financial performance. The Annual Review & Sustainability Report includes an integrated performance summary with expanded commentary and metrics related to our sustainable business practices, providing supporting information towards Recommendation 7.4 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition).

The 2018 reporting suite can be found at www.2018annualreport.westpacgroup.com.au.

This report aligns with the Global Reporting Initiative (GRI) Standards (Comprehensive) and the AA1000 AccountAbility Principles Standard (2008). This alignment has been independently assured by PwC.

