

A fresh perspective...



In our 2001 Annual Report we acknowledged that anti-bank sentiment was running red hot. Banks stood accused of abandoning their social responsibility by pursuing the bottom line at any cost. It is an issue so fundamental to our sustainability that it cannot and will not be ignored.

This report on our social responsibility represents our continuing commitment to transparency in addressing stakeholder concerns.

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Scope of the report

This report covers the policies, practices and performance of Westpac Banking Corporation in Australia for the year ending 30 September 2001, unless otherwise stated. All dollar figures are AUD.

Disclaimer

The social commentary by the six representatives in no way represents an endorsement of Westpac or the content of the report.

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Managing business well



Hon Fred Chaney
Co-Chair,
Reconciliation Australia

"If our modern pluralist society is to survive and prosper, businesses must recognise that they can no longer separate their economic or financial interests from their social responsibilities."

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Looking out for employees



Sharan Burrow
President,
Australian Council of Trade Unions

"Australians need family friendly workplaces to ensure an appropriate balance between work and family commitments, and some sensible remedies to address continuing demands for long unpredictable working hours."

...on our social responsibility to society.

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Earning the respect of customers



Louise Sylvan
Chief Executive Officer,
Australian Consumers' Association

"The banks, and other Australian companies which have reassessed their thinking, have done so as part of a growing global movement that understands that the 'business as usual' paradigm is becoming increasingly unacceptable to societies – the excuse that the 'bottom line made me do it' is wearing very thin."

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Ensuring a future for our communities



Andrew McCallum
President,
Australian Council of Social Service

"We must strive to identify and remove the barriers that prevent people from participating in economic and social life, especially the most vulnerable among us."

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Keeping our corporate conscience green

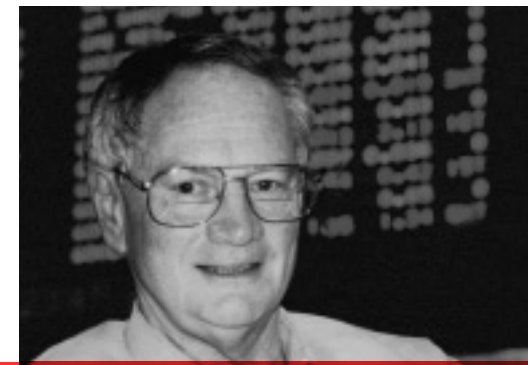


David Butcher
Chief Executive Officer,
World Wide Fund for Nature Australia (WWF)

"Public relations, spin and green-washing will provide no lasting boost to corporate reputation. It will in many cases, detract from reputation."

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Accounting for every dollar



Ted Rofe
Executive Director,
Australian Shareholders' Association

"Unless a company meets legal standards, respects social mores and remains financially healthy it won't survive to have any sort of bottom line."

Westpac Banking Corporation
ABN 33 007 457 141

Chairman's & CEO's welcome

We must judge ourselves by how others see us, rather than how we see ourselves. The legitimate expectations of the communities from which we profit must set our social, economic and environmental agenda.



**Leon Davis,
Chairman**



David Morgan,
Chief Executive Officer

Welcome to our first Social Impact Report on our performance across the social, environmental and economic dimensions. Our report arises from our determination to address bank criticism and our commitment to improve the transparency of all our business practices.

You will see from this report that our impact on our society is large. We also know that the task of ensuring the longer-term sustainability of our company goes beyond just the financial dimension.

Our customers and the community more generally are telling us very clearly that they expect us to take greater account of our impact on society. We agree, so we are seeking to provide leadership beyond the walls of Westpac and to conduct our business in a way that maximises our benefits to society more generally.

That is also why we are taking an active role in the Global Reporting Initiative (GRI). In collaboration with the United Nations Environment Program, the GRI was convened in 1997 with a mandate to make sustainability reporting as routine as financial reporting. A common framework called the Sustainability Reporting Guidelines has been developed.

Within the GRI framework we have been at the forefront, together with a small number of global leaders in our industry, in developing reporting standards specific to the finance and banking sector. In this we have successfully brought together representatives from all relevant sectors of society. We thank them for their invaluable input.

Our report is one of the first to conform to these new global standards that involve reporting on approximately 70 social, environmental and economic performance indicators, many emerging from our Australian stakeholder process.

You will also see from this report that we are seeking to acknowledge diverse stakeholder interests and to respond to their views on the role of corporations in charting a path to a healthy and sustainable future for our communities.

Finally, our report represents only one piece of what we must do to continue to produce sound and sustainable financial results while being a good corporate citizen.

We trust this report represents a major step forward in enriching information flow to investors, advocacy groups, labour, community members, and other interested parties.

Performance indicators index

Key ■ Global Reporting Initiative ■ SPI-Finance 2002 ■ Australian stakeholder indicator ■ EPI-Finance 2000

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Key ■ Global Reporting Initiative ■ SPI-Finance 2002 ■ Australian stakeholder indicator ■ EPI-Finance 2000

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Acknowledgement

A diverse group representing key Australian stakeholders contributed their valuable time in developing the Australian indicators and providing feedback on the SPI Finance indicators. We acknowledge their valuable contribution and thank them.

“If our modern pluralist society is to survive and prosper, businesses must recognise that they can no longer separate their economic or financial interests from their social responsibilities.”

Hon Fred Chaney, Co-Chair, Reconciliation Australia.





The idea that corporations have social responsibilities beyond their responsibility to shareholders is hotly debated. For some, addressing the single bottom line of shareholder value is the only way to maintain the accountability of directors and the integrity of the competitive capitalist system. For others, the massively expanded size and influence of national and international companies means such an overlay of influence that it needs to be harnessed for the public as well as shareholder good.

There is something rather artificial about that argument. In fact business shares with individuals the reality that the external operating environment impacts on its capacity to function effectively and to meet its own objectives. Quite apart from direct impacts flowing from adverse consumer sentiment such as those which have affected companies as diverse as Shell, Nestle and Nike a healthy prosperous and supportive market is important to business generally.

Business self-interest dictates concern about the quality of the society in which business operates. The striking success of the market based capitalist system in expanding wealth is not world wide. It has succeeded when social and legal conditions are favourable and where barriers to transactions are reduced.

The rule of law matters as much to a business as it does to a civil libertarian. A prosperous community is a valuable market. A sustainable environment is a condition precedent for survival of the market if not the particular corporate activity. It is not hard to make direct connections between general public and general corporate well being.

Perhaps the most striking connecting link between good corporate citizenship and doing business is the importance of trust. Communities are prosperous and peaceful when there is a high level of trust between citizens and between citizens and institutions. This has special relevance to the financial sector where the bulk of transactions involve two way trust. After all, how many signatures on cheques or credit slips are – or need to be – checked?

That is why I welcome Westpac's renewed endeavours to assess its operation from external viewpoints. It is knowing and understanding those viewpoints which will enable Westpac to perform to the satisfaction of society as well as its direct shareholders and employees.

Westpac's leadership in declaring a moratorium on closures in rural towns and the initiatives with Indigenous and other disadvantaged groups is a start. But it needs to do a lot more to bridge the gaps between low income earners and other disadvantaged groups in terms of access to services, and to develop the services that will help to overcome the feelings of powerlessness now endemic in parts of Australia.

My belief is that profits and social responsibilities need not be in conflict. In fact there is no denying that companies with strong positive reputations are typically financially successful ones. And the more bridges corporations build back into the community by taking responsibility for building social capital, the stronger the nation will become.

If our modern pluralist society is to survive and prosper, businesses must recognise that they can no longer separate their economic or financial interests from their social responsibilities. Leaders of all institutions need to become leaders in the community and indeed part of the creation of community.

Corporate leaders cannot avoid wider social responsibilities because of the impact they have. The real situation is that they perform them well or badly. They need to be out there defending, protecting and promoting the values that they cherish for themselves understanding that they are values we all cherish. That way we can get the kind of society we are proud to live in and that we want to leave for our children. Building social capital is something that will not only restore community trust in our companies and institutions it is good for business and good for the overall community.

Managing business well

Our view on corporate social responsibility

For us, addressing customer and community concerns and accepting our corporate social responsibilities are integral parts of ensuring the sustainability of our financial performance.

Our future is firmly tied to our financial success, but the stark reality is while we must produce results for shareholders, we must also deliver for our customers, and we must meet our responsibilities to our staff and the broader community.

In adopting sustainable and socially responsible business practices we believe we not only deliver better outcomes for our customers, we also meet our obligations to our staff and the broader community and enhance our reputation. And that's good for our longer-term competitive and financial position.

We believe that adopting sustainable business practices reduces the risks that we face – whether they're financial, regulatory or consumer based. All of which enhances our operating environment and ensures that our social licence to operate stays firmly in place.

First and foremost, we see our corporate social responsibility to be about how well we conduct our everyday business activities. Fundamentally, it's about self-regulating our behaviour and accepting full accountability for the social and environmental impacts of our basic business practices and policies.

Corporate social responsibility policies and practices

We first released our Statement of Social Responsibility in June 2001 outlining what our stakeholders could expect from us when it comes to the way we conduct our business.

They are the foundation on which we conduct our business. We expect everyone at Westpac to live up to them.

These policies and practices were developed over time and they reflect, among other things, community standards in the key areas of governance and ethical conduct, marketplace practices, human rights and employee practices, occupational health and safety, care for the environment, community involvement and financial controls and risk management.

Our intention is to continually review these social responsibility practices to ensure that they are maintained in line with society's expectations.

A full copy of our Social Accountability Statement is available at www.westpac.com.au under the "Westpac Info" tab.

Disclosure principles and practices

We believe in transparency in all of our business practices, subject only to specific privacy and other obligations to our customers and to normal commercial confidentiality.

As such, we provide our stakeholders with comprehensive information about our activities, and fulfil our obligations to the broader market for continuous disclosure.

Our disclosure practice is to release all market-sensitive data to our stock exchanges and simultaneously to the market via print and electronic news outlets and posting on our Internet site.

We also place copies of our annual reports, investor briefings and presentations, public announcements, economic updates, and of course information on our products and services and our community involvement activities on our Internet site.

Governance practices

Our board of directors, acting for our shareholders, is responsible for making sure that our overall activities are properly managed against the highest standards of business integrity and professionalism.

To reinforce our commitment to sustainable and socially responsible practices, the board has established a Board Social Responsibility Committee.

A full statement of our governance practices covering: the role and conduct of the board and its committees; remuneration practices; market disclosures; compliance; insider trading; and corporate social responsibility, is published annually in our Annual Report.

On compliance management, our aim is sector best practice and alignment with the Australian Standard on Compliance Programs (AS3806). The board regularly reviews compliance performance against strict objectives and assessment criteria.

At the core of our compliance processes is our Code of Conduct which requires our staff to act with honesty and integrity, respect the law and act accordingly, respect the privacy and confidentiality of information, avoid conflicts of interest, and strive to be a good corporate citizen. Our Code is a framework, not only for ethical business conduct, but for issues such as workplace and human resources practice, insider trading, risk management and legal compliance.

We also have a Concern Reporting Scheme in place to actively encourage our staff to bring to our attention any issues of concern.

External and internal auditing

We require external audits by professional accredited bodies in the following areas:

- Occupational Health and Safety;
- Environmental Management; and
- Financial Accounts.

External audit reports and recommendations are received and considered by relevant board and executive management committees.

As part of the governance process, our Group Audit function conducts independent reviews, and provides risk and compliance evaluations and advice to assist executive management in exercising its responsibility to develop, maintain, monitor, and continuously enhance control frameworks and systems. Group Audit also provides independent reporting to the Board Audit and Compliance Committee to support its oversight of operational risk management.

The internal audit reviews and evaluations cover all aspects of operational risk across all Westpac business units and support functions, on a global basis. The focus of Group Audit's work also encompasses detailed audit reviews of the effectiveness of Westpac's management control over outsourced activities through defined governance processes. Group Audit's work includes the auditing of outsourcing partners.

In carrying out its duties, Group Audit also promotes the development of a strong, effective and enduring risk management culture across the Group.

Stakeholder dialogue program

Delivering on our commitment to be responsive to all those touched by our activities involves an effective stakeholder dialogue program.

Every year we capture the views of our staff to get their "warts and all" reports on our workplace practices and on the quality of customer experiences, including their ideas about how we might improve performance.

Direct customer dialogue on their service experience is essential. We have learned that there is no bypassing it – it will always be fundamental to delivering quality customer experiences.

We also regularly meet with community and representative groups to get a wider view of general concerns and social needs. The development of this Social Impact Report itself involved an extensive multi-stakeholder dialogue, which resulted in the addition of a number of indicators to reflect Australian specific circumstances and norms.

We use stakeholder advisory groups to ensure that their views are not lost in our initiatives. For example, the development of our ATMs for the visually impaired involved representatives from leading blind citizen associations, welfare groups and government bodies. We have also established an impartial Complaints Review Committee with external advisors Dr Simon Longstaff and Anna Booth.

Our program of stakeholder dialogue has undoubtedly helped us develop better customer solutions and community responsiveness.

Dealing with government and political donations

We make representations to government as part of our normal activities. We see this as important to good public policy development and ensuring governments are correctly informed on our activities and intentions.

We make political donations solely for the purpose of supporting the democratic process and where they are lawful and properly recorded in the accounts.

We declare our political donations in accordance with electoral laws and we publish them in our Annual Report.

Corporate social responsibility governance structure



Internal and external audits

Type	No.	Hours
All internal group audit	161	67,579
Internal OH&S audit	7	512
External OH&S audit	8	656
External EMS audit	1	88
External audit opinions	109	*

*Details of external auditor remuneration is set out in Note 31 page 98 of Westpac's 2001 Annual Financial Report.

Looking out for employees

“Australians need family friendly workplaces to ensure an appropriate balance between work and family commitments, and some sensible remedies to address continuing demands for long, unpredictable working hours.”

Sharan Burrow, President, Australian Council of Trade Unions (ACTU).





Social responsibility is a company imperative if corporate governance ratings are to make the grade in a tougher investment climate.

Corporations who adopt a serious approach to respecting human rights, labour laws and environmental standards, and establish standards and transparent reporting on their corporate practices in these areas will earn the support of stakeholders.

Stakeholders are a potent mix. They extend well beyond shareholders to include employees, consumers, and government and non-government organisations. Employees themselves are increasingly a dynamic blend of traditional full time staff, contractors, part-timers, home-based workers and co-employees through outsource partners and suppliers.

Unmanaged stakeholder concerns have the potential to shatter corporate reputations and test shareholder confidence. If it wasn't evident before, financial engineering in a post-Enron world must be complemented with sound, transparent corporate governance.

Australians need family friendly workplaces to ensure an appropriate balance between work and family commitments, and some sensible remedies to address continuing demands for long, unpredictable working hours. Approximately 60 per cent of Australians in paid employment state that they are now having more trouble balancing work and family.

Australians also expect our politicians, our corporate leaders, our unions and our community leaders to be vigilant against discrimination and to promote equality in the workplace and in society.

Looking out for employees requires at the very least respect for core labour standards. That's why unions throughout the world have embraced the Global Compact. The Compact's six principles relating to workplace practices provide world business with a baseline for moving forward:

- Support and respect the protection of internationally proclaimed human rights within their sphere of influence;
- Make sure their own corporations are not complicit in human rights abuses;
- Uphold and promote freedom of association and the effective recognition of the right to collective bargaining;
- Promote the elimination of all forms of forced and compulsory labour;
- Promote the effective abolition of child labour; and
- Uphold the elimination of discrimination in respect of employment and occupation.

The simple application of these principles would guarantee fair wages and conditions, underpinned by collective bargaining, and employment practices that better facilitate work and family balance. They would also deliver equal opportunity and pay equity for women, safe workplaces in accordance with occupational health and safety laws, and production of goods and services that does not rely on forced or child labour.

Such things as paid maternity leave, and full protection of workers' entitlements also need to move beyond just the progressive companies and become base entitlements for all employees.

Twenty-first century communications and the competitive pressure of globalisation means that there is nowhere to hide. The culture of escalating profits by resorting to cutting staff and intensifying work is no longer a guarantee of sustained market gains and performance. As a result, corporate social responsibility has become an imperative for good business.

Our advice to companies is 'walk the talk' – work with and in the interests of employees, local communities and customers, provide accurate reporting and shareholders will respond with confidence.

Looking out for employees

Policies

Our employee policies and practices are keystones in ensuring we develop a successful and sustainable business.

Our commitment to our employees involves ensuring:

- staff receive adequate training and development and are selected on merit;
- fair and just wages with equal pay for equal work;
- a safe and hazard free workplace;
- there is no discrimination on the basis of gender or age, sexual preference, race or level of physical ability;
- having a child does not mean leaving the workforce or adversely impacting the chance of advancement;
- a rigorous grievance process that ensures all issues are dealt with promptly and all parties are kept informed throughout the process;
- all reasonable possibilities to retain and re-deploy staff are examined when job restructuring takes place, with affected staff having access to employment transition, counselling and outplacement services; and
- the rights of our employees to freedom of association with representative organisations and trade unions are respected.

We regularly conduct employee surveys to ensure our policies continue to keep pace with our employees' expectations. Further details on employee policies are set out in our Social

Accountability Statement which is available on our website, www.westpac.com.au under the 'Westpac info' tab.

Employee profile

The gender and age profile of our employees is set out below. We are one of Australia's largest employers, with some 16,274 full-time and 6,902 part-time employees as at 30 September 2001. It is notable for the higher proportion of women than the general workforce and the skewing towards younger workers.

Due to anti-discrimination law, we are currently unable to profile our employees on other relevant demographics. We are examining a voluntary census approach to understanding better our workforce make-up, including identification of disability and ethnicity. In gathering any information we will protect individual privacy and give our employees the ability to choose how or if they wish to be identified.

Training, learning and development

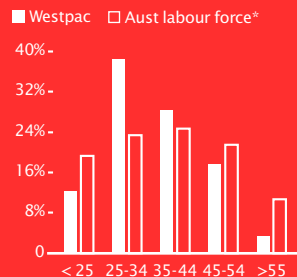
Our training, learning and development policies are comprehensive and encompass skills training for all staff, continuing education for our high performing staff, as well as occupational health and safety training.

Our policy is to encourage our employees to develop new competencies and to enhance their range of skills. In doing so, we provide the opportunity for them to individually plan their training to match their career path. We provide a learning journey in four streams covering orientation, team learning,

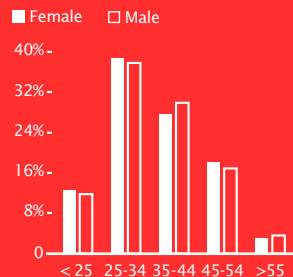
The facts

Westpac Australia, year to 30 September 2001 unless otherwise stated.

Age profile of workforce



Gender & age profile



Male/female salary comparisons

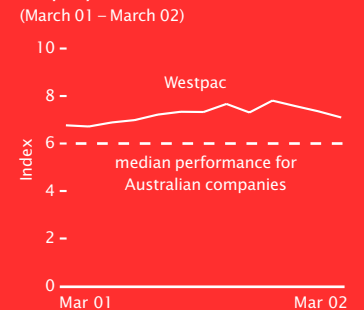
Grade	Average salary (\$)	
	Male	Female
Executive	323,640	321,688
Management	89,120	75,363
Non-Management	37,645	34,896

- Westpac pays equal pay for equal work. Differences in the average salary for male and female employee reflect the higher proportion of males in more senior roles within these grades.

Women in management



Employee morale



skills development and executive and managerial development. It is also our practice to actively engage our leaders in facilitating, motivating and coaching our staff.

Over the last 12 months, approximately 700 employees also took part in courses external to their current job requirements at a cost of almost \$1.5 million.

Performance evaluation

Our employment performance processes and practices are based on merit and employee appraisal systems are developed around a balanced scorecard approach. Ultimately we are seeking to evaluate staff performance on their contribution to developing long-term shareholder value in meeting the needs of our customers and other stakeholders.

Our practice is to agree objectives with all employees against which their performance is evaluated. Our employees meet with their supervisor or manager to informally review their contribution on a regular basis with two formal appraisals per year. Staff also share in the financial success of the Group via a performance linked employee share plan.

Executive remuneration fostering sustainable development

Our executive remuneration philosophy is to link performance rewards to achievements against a balanced scorecard. This means individual executive performance objectives include measures linked not only to financial objectives but also to

delivering for staff, customers and the broader community. A minimum of twenty per cent of any performance reward is formally linked to meeting these non-financial objectives. Details of executive remuneration are on pages 54 to 57 of the 2001 Concise Annual Report.

Non-work aspects of career management

We recognise that many employees have obligations, responsibilities and interests outside the workplace. One of the ways we strive to be an employer of choice is by promoting the work/life balance through employee assistance programs.

We have specific policies designed to assist employees manage their family and work responsibilities including paid maternity, paternity and adoption leave, a process of mutual negotiation of work hours for part-time staff, as well as innovative home based work, job sharing and childcare arrangements.

In Australia, we introduced a Better Life and Work program – a free, independent service that provides employees with information, assistance and advice on personal issues outside our sphere of expertise. Approximately six per cent of our employees make use of this service, which compares with the industry average for such services of three to four per cent of staff.

Employment turnover

One key to being an employer of choice is creating conditions where our employees feel fully engaged in our business and

successful in their jobs and careers. This is essential if we are to build long-term relationships with our employees. With our employee turnover level currently at 19.5 per cent, broadly in line with industry experience, we know we have more to do.

As a result, we are examining our recruitment strategy and our workforce planning. We are seeking to better understand the implications for employee turnover of the demographics of our workforce, which differ from both the general workforce and our customer base. Our intention is to build this understanding into our business planning processes.

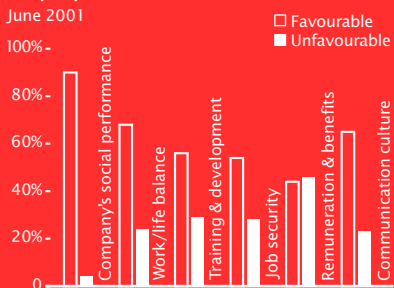
Use of temporary employees

Temporary staff are not used as a means to avoid our obligations to invest in our permanent and part-time staff. We employ call centre and retail store employees on a permanent basis and avoid using temporary staff to fill these positions. Our practice is that individual temporary employees should be employed in any one position for no more than four months in a six-month period.

Occupational health and safety

Our lost time injury frequency rate for the reporting period was 11.9 injuries per one million hours worked. This reflects an increase in branch hold-ups during that period. In response, an independent security review has been conducted which identified that Westpac has effective security systems implemented but recommended some further enhancements, which are currently being implemented.

Employee satisfaction

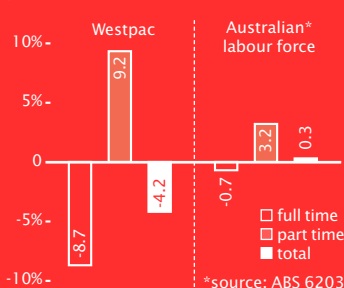


Staff work loads

Customers per service staff

Service location	per service staff	
	Customers per week	Customers per hour
Metro	136	4.1
Regional	137	3.6
Call centres	1022	26.9

Job creation

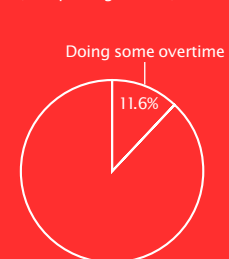


Accumulated annual leave

As at 30 May 2002

Leave duration	Percentage
<4 weeks	61%
≥4 weeks & <8 weeks	32%
≥8 weeks	7%

Staff doing overtime (non-packaged staff)



Extent of overtime worked

Staff group	Overtime hours as a % of total standard hours
Employees doing overtime	11.8%
All employees	1.4%

Case study – family services for employees

Promoting diversity through maternity leave and child care

We aim to ensure that Westpac employees understand that having a child does not mean having to leave your job or losing your level of seniority. They understand we respect and value their work and family needs. And they know they will receive paid maternity leave and be provided with appropriate assistance to help manage their work and family balance once they do decide to return to work.

We also understand that the best working conditions need to be adaptable enough to cope with social change. In recent times, we have expanded our policies to include paternity and adoption leave. Under our parental leave package, we offer six weeks paid leave or twelve weeks leave at half pay. Following the birth of a child, our staff can take a total period of up to 52 weeks leave from work, depending upon circumstances and eligibility.

To help our employees make the best decision, we have provided a guide to parental leave at Westpac called 'Great Expectations'. This provides important information on leave provisions, financial arrangements, external assistance, working while on leave and flexible options for returning to work.

We offer our employees an entitlement to return to the position they held before they started their leave. To further assist in meeting family commitments employees may choose to return to work on a part-time basis until their child's second birthday, by agreement with their manager.

Significantly, between 70 and 80 per cent of our female employees return in some capacity after parental leave.

From this foundation, we have continued to build a workplace that is conducive to balancing work and family responsibilities. That is why we are providing access to quality childcare in key employment areas. We currently have four child care centres operating in Australia, one of which is a joint venture centre with another corporation to help achieve the critical mass of staff necessary to support a viable centre.

Westpac's childcare centres recently received their 3-year accreditation by the national Childcare Accreditation Council with the highest ratings on all 52 principles. The government awards this accreditation, only if the highest standards are met.

Employees using our child care centres, who are not receiving childcare assistance from the Federal Government, can apply for the Westpac childcare benefit. Recent changes to the tax treatment of employer sponsored childcare facilities have further enhanced this benefit for employees.

Westpac also seeks to provide a family-friendly workplace through our flexible breastfeeding policy. This allows mothers who wish to return to work while still breastfeeding their child, the opportunity through facilities and time, to express milk at work which can be stored and used later during the day. Easy and convenient access to our childcare centres also allows mothers to continue breastfeeding while maintaining a working schedule.

In offering paid parental leave provisions, high quality work-based child care centres and a family-friendly work environment, we have continued to position Westpac as an employer of choice, improved our employee morale and responded to the needs of our staff in achieving a healthy balance between their work and family responsibilities.



“My family and I have been able to take advantage of Westpac's great family-friendly policies, like flexible working hours, paid maternity leave and an excellent childcare facility.”

Susan Bannigan, National Manager, Strategic Business Implementation.

Number of employees accessing paid parental leave

Year	No. of employees
1999	1146
2000	1101
2001	1026

Utilisation of Westpac child care centres

	No. of families	No. of children
Kids on Bond Children's Centre	33	38
Bank of Melbourne Child Care Centre	49	62
Total	82	100

Figures for Westpac Children's Centre Little Gantry not included for this reporting period.

Key achievements for gender diversity

1. Embedding diversity into key employment policies and programs to advance equitable outcomes for women.
2. Achieving a 95% agreement rate from our female survey respondents that their immediate supervisor genuinely supports equal opportunity.*
3. Achieving similar rates of promotion for men and women at all levels.
4. Achieving a 96% agreement rate from staff surveyed that the work environment is free from sexual harassment.*
5. Launching our breastfeeding policy.

*Survey of random sample of 1122 staff in April 2002.

Earning the respect of customers

“The banks, and other Australian companies which have reassessed their thinking, have done so as part of a growing global movement that understands that the ‘business as usual’ paradigm is becoming increasingly unacceptable to societies – the excuse that the ‘bottom line made me do it’ is wearing very thin.”

Louise Sylvan, CEO, Australian Consumers' Association (ACA).





The raging debate between the Australian community and the banks on the question of whether banks have community obligations if not dead, is certainly in its death throes. The first shots in this battle came with the deregulation of the banking sector in the 1980s and with organisations such as the Australian Consumers' Association articulating the position on community responsibilities of banks during the House of Representatives Inquiry in the Banking Industry (Martin Inquiry) in 1991.

It's over 20 years now and many financial institutions have acknowledged that they need to re-establish a relationship of respect and trust with their communities and with their customers. The banks, and other Australian companies which have reassessed their thinking, have done so as part of a growing global movement that understands that the "business as usual" paradigm is becoming increasingly unacceptable to societies - the excuse that the "bottom line made me do it" is wearing very thin.

Communities themselves have no doubt that the behaviour of companies and their effect on societies are just as important as the bottom line numbers themselves.

In seeking to report more responsibly on their impacts, many companies are doing triple bottom line or so called sustainability reporting – picking up a range of indicators in addition to the financial ones. There are many ways to develop reports, but the only satisfactory method, as outlined in the Global Reporting Initiative, is to enable community stakeholders themselves to influence, and preferably select the social and environmental indicators.

This important power-sharing arrangement is at the heart of the process of producing a "real" triple bottom line assessment. Consumer credit advisors, disability organisations, welfare groups and many others helped to select key indicators in this report. And in future, these will need to be reviewed and probably improved upon.

Reporting of environmental and social performance should be as routine for companies as financial reporting. But the truth is a long way from that. The reason is simple. As one chief executive commented to me "Why should I give you even more sticks to beat me over the head with?" Progressive chief executives have been able to answer why: corporate social responsibility is no longer an option – it's an imperative.

Transparent triple bottom line assessments are not only critical in allowing the community to decide whether the company has performed well enough, they provide an integrated picture of the company in its social, environmental and financial setting. Without this, company directors and executives often don't fully know what their companies are doing and how they impact their world.

Triple bottom line reporting involves the whole company in reflecting on what it is, how it is behaving, and how it prefers to conduct itself in a society. This process can transform the company's understanding of itself. It's the occasion when a company actually sees itself in terms of the whole canvas and not just the small "financial" section of the painting.

We shouldn't be in any doubt, however, that sustainability reporting can be confronting for an organisation – especially when an indicator is looking bad. And the banks have a very long way to go to winning back any public support, especially in light of ongoing concerns with access, fees and affordability.

So we should all admire the courage of organisations that attempt to do a proper triple bottom line report and applaud the principles that led to such action. But nor should we be naive. In the end, the report itself doesn't matter as reports can be ignored in light of the more burning bottom line concerns. What will actually matter is what the board and executives do with the information that they've acquired. That's what we all will wait and see.

Earning the respect of customers

Consumer banking

Customer charter

We have introduced a Personal Customer Charter to set out the promises we give to our personal customers so they can measure our behaviour and the level of service we say that we will provide. Our Charter is set out in this section.

We will report our performance against these promises each year and commission an independent review of the Charter from time to time.

Transparency of fees and charges

Our policy is to provide full transparency of our fees and charges. We seek to do so in a simple and straightforward manner.

Full information is available in our branches or via our Internet site. In the sensitive area of deposit and transaction accounts, we provide a booklet to all new account holders (available also for existing account holders) which clearly indicates the fees and charges associated with each account. It provides advice to assist in choosing the right account and in minimising fees while saving time.

Responsible lending

As part of the challenge to adopt sustainable business practices one of our important responses has been to strengthen our personal lending policies to ensure they do not lead to debt over commitment by individuals. This has involved enhancing

part of our credit risk management principles to better cover responsible lending. This has presented a significant challenge given community demands for better access to credit.

Our goal is to ensure that borrowers are introduced to lending products under terms and conditions that fit their individual needs and which do not place them at a financial disadvantage. We consider each customer or potential customer on an individual basis.

Our approach is to assess new applicants for both secured and unsecured lending against a set of credit criteria that take into account their financial characteristics and commitments.

We use credit risk scorecards and credit policy that incorporate a number of critical variables. Both are regularly reviewed to take account of emerging community concerns and changes in the market place.

Generally, we will not lend where a customer is less than 18 years of age, is an undischarged bankrupt, is unemployed, has an income less than \$12,000 gross per annum, cannot demonstrate that they can service the loan or have had an unsatisfactory experience with us in the past.

Our lending policy extends to include offers for pre-approved credit on credit cards. We will not offer credit limit increases where it will obviously place undue financial stress on our customers.

Despite the best policies and processes, we realise that on occasion our customers will find themselves in financial hardship. In these instances, we automatically offer to negotiate the terms and conditions of an agreement so they are able to make regular, minimum payments.

Apart from assessing risk and the ability to afford and service the borrowings, our procedures are designed not to discriminate on any basis.

Accessibility and availability of banking services

In 1998 we committed to maintain a face-to-face banking capability in every Australian country town in which we operated at that time. This followed widespread community concerns in Australia and we have delivered on that commitment.

In metropolitan areas, we expect to maintain our current points of representation at the current level and only relocate branches to follow customer traffic flow. In Australia, we now have just over 800 branches nationwide.

Any changes to existing branches, such as the transition to an in-store operation or an amalgamation, is done only after a minimum 12 week period of advice and customer education on the impact of any changes to banking arrangements.

Where we do not provide access to lower cost ATM transaction channels in rural towns in Australia, we price our branch

The facts

Westpac Australia, year to 30 September 2001 unless otherwise stated.

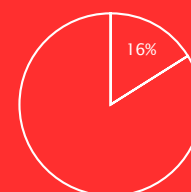
Points of access

Service points of access	No.
Branches	806
ATMs	1,517
EFTPOS	59,000
Mobile lenders	600
Internet customers	1,140,000
Other specialist banking centres	225 [^]

[^] includes business/commercial & agribusiness centres, international, financial planning centres & private banks.

Low income access

Percentage of customers* receiving pension or welfare payments (excluding family allowance).



* Transaction and savings accounts customers

Affordability of transactional services

Pension status	Average fees paid as a % of pension	
	Basic account	Deeming account
Single	0.10%	0.11%
Couple	0.06%	0.07%

As a measure of affordability for low income and vulnerable customers, we have used the average excess fees paid for Basic and Deeming accounts as a percentage of the annual Aged Pension (\$10,673 for singles and \$17,815 for a couple).

transactions at the lower electronic rate so as not to disadvantage rural and regional customers.

We have also invested heavily in alternative banking services using internet banking, telephone banking, mobile lenders and advisers, and ATMs and EFTPOS. This recognises that today some 90 per cent of transactions occur outside of branches. As shopping patterns have changed and two income families become more the norm, we have also introduced Saturday trading in selected locations.

Resolving customer complaints

We think resolving customer complaints is so important we have centralised complaints handling system and have established an explicit customer advocacy role. We also put our customer contact staff through complaint handling training.

Where we are unable to resolve the matter immediately, or where it is not clear that we are at fault, we still aim to resolve the matter within five days. In such cases, we inform our customers as to who is taking charge and keep them informed of progress.

Customers can find information in our branches on how to make complaints, how we handle them, including their right in Australia to refer unresolved concerns to the Banking Ombudsman.

Providing social safety net banking accounts

We provide fee-free basic accounts for welfare recipients, pensioners, the disabled, youth and students. This comes from our view that lower income and disadvantaged groups should have a guaranteed minimum level of access to basic banking services. It's what the community expects banks to do.

Our basic banking accounts exceed the minimum standards set out by the Australian Bankers' Association in April 2001.

To be eligible for our Basic Account or our Deeming Statement Account, customers must hold a either Pensioner Concession Card or Health Care Card, which covers some five million welfare recipients in Australia. Both accounts have no monthly service fee attached to them and provide six free withdrawals each month for the basic account and eight for the Deeming Statement Account to cater for essential needs. Unlimited deposits can be made at no charge.

Our Society Accounts also provide everyday banking facilities for non-profit organisations with no monthly service or transaction fees.

Improving accessibility for the disabled

We believe it is important to get to a situation where all our customers have adequate access to the more efficient, cost effective and convenient electronic networks such as EFTPOS, ATMs, telephone, and internet banking, as well as to branch banking.

The Westpac personal customer charter

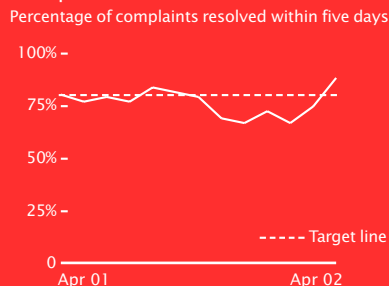
We promise:

1. to maintain our record as a socially responsible and ethical corporate citizen
2. to train our staff to give the best service they can
3. to be up-front and clear about fees, charges and commissions
4. to provide honest and helpful financial advice for your benefit
5. we will look for and offer easier or cheaper ways to do your banking, should they be available
6. to let you know at least three months before we change your local branch location
7. in rural communities, where we provide branches but not ATMs, branch transaction fees will be charged at the lower ATM rate
8. to keep our freecall number (1800 800 388) operating all day, every day
9. to respond to you within 24 hours if you have a concern or complaint with any of our services – our aim is to fix all complaints within five working days
10. we will never sell or publicly divulge any of your personal or company details without your consent unless required by law.

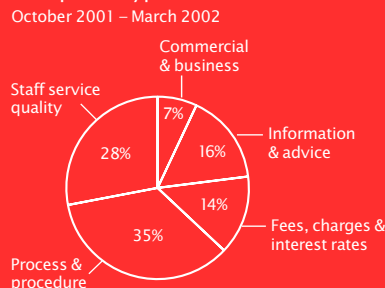
Credit over commitment

Product	Proportion of accounts overdue ≥90 days	
	September 2000	September 2001
Mortgages	0.29%	0.27%
Cards	0.39%	0.40%

Complaints resolution rates



Complaint types



Australian Banking Industry Ombudsman (ABIO) dispute resolution

Resolved with customer	84%
ABIO investigation but resolved with customer	14%
Required an ABIO determination	2%

Earning the respect of customers

Against that background, we have lodged in Australia a Disability Action Plan with the Human Rights and Equal Opportunities Commission (HREOC) and joined with other banks through the Australian Bankers' Association to lodge an industry plan with HREOC.

These initiatives set out a clear plan to upgrade products, services, and facilities to enhance accessibility for our older citizens and customers with a variety of disabilities.

We review our performance against the plan every six months and while we have made progress, we are still working on ways to improve access.

In the past six months we have been able to introduce new ATM technology to support vision impaired customers throughout the network, with audio prompts currently piloted in nine locations.

We have continued to refurbish our branches in keeping with commitments to enable ease of physical access for people with mobility disabilities. And we have furthered arrangements that ensure telephone banking is available for hearing and speech impaired customers.

We are also progressively moving our internet services to World Wide Web Consortium (W3C) best practice compliance and were over 80 per cent compliant with Priority One requirements by September 2001.

Lending with a high social benefit

Our practice is to challenge existing policies and practices and innovate in the provision of finance for those groups who have previously been disadvantaged or not had access.

While any lending needs to also be socially responsible, we seek to assist those who may have been disadvantaged due to stereotypes, age, ethnic background, gender or physical disability.

Lending that has high social benefit includes our Deferred Payment Student Loans, which assist students and young people undertaking full-time tertiary studies and in getting a career start following graduation. The loans are available in amounts from \$3,000 to \$10,000 with deferred repayment periods for up to 30 months.

Our home loan products also allow customers on maternity or paternity leave from their work who meet certain eligibility criteria to reduce their loan repayment amount by up to 50 per cent. This is available for up to six months for births or adoptions.

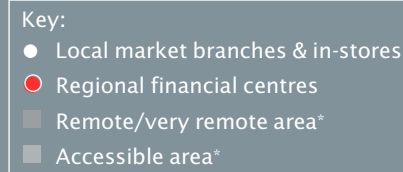
Customers who believe they are in a hardship situation have the opportunity to apply for a change to loan terms to assist during the difficult times. The loan can be varied to reduce the interest rate, extend the term, reduce payment or a combination of these. Relief will generally be granted where the customer is able to meet the new terms.

We also offer payment relief for customers impacted by natural disasters or in circumstances such as the collapse of Ansett.

We also provided assistance to first homeowners by accepting the government subsidy as a qualifying deposit. Standard industry practice was not to accept such grants as part of the borrower's deposit requirements.

For many years, we have also provided concessional finance to ex-service personnel, their widows or widowers and defence personnel through our Defence Services Home Loans scheme.

Regional services



*Source: – Accessibility/Remoteness Index of Australia (ARIA)

Westpac has an extensive network of banking services across regional and rural Australia. Wherever the population density is greater than one person per square kilometre, we typically have face to face banking services within a 80 kilometre travelling radius.

Westpac has:

- More than one million regional and rural banking customers.
- 378 regional and rural outlets – 216 branches and 162 in-stores.
- 139 regional business banking centres.
- Invested \$2 for every \$1 raised in regional Australia.
- \$18b worth of lending to regional Australia.
- More than 40% of our regional business customers involved in agribusiness.

Case Study – Services to Rural and Regional Australia

Community banking in rural Australia

Rural Australia is changing. Larger, more efficient farming practices require fewer employees. Fewer employees means less demand for rural services, and, in no time certain, rural services are forced to close, threatening the viability of the remaining services.

Rural banking services were no different and a new approach was needed to ensure the sustainability of services. In partnership with local proprietors we found the solution via our community in-store model.

Far from being a piecemeal measure, our 182 in-stores established since 1988 have provided host businesses with additional income and helped to boost their long-term viability and customer base.

Seven proprietors, from across Australia and representing the needs and interests of our community in-store proprietors, meet quarterly with senior Westpac staff as part of our National Advisory Council. The Council considers issues such as enhancements to service functionality, business referrals, and staff training thereby ensuring the value of this community partnership is fully realised and local needs are met.

Serving regional Australians since 1817

We have been delivering total financial solutions to regional Australians for 185 years and today have a dedicated Regional Banking team unique to Westpac.

The team has some 2,500 staff operating out of 378 locations across regional and rural Australia.

The scope of our commitment to regional Australia is vast. We currently meet the needs of more than one million regional banking customers. Forty per cent of our rural business customers are involved in agribusiness. With some \$18 billion of loans in support of regional Australia, we are investing \$2 for every \$1 of deposits raised from regional customers.

Our Country Business Direct team provides a dedicated business service particularly tailored to the specialised needs of small and medium businesses and farm customers. The team is supported in the field by 650 local staff specialising in home finance, equipment finance, financial markets services, investment and financial planning, and our network of agribusiness and business banking relationship managers.

Across regional Australia, we are also actively involved in the community environmental and education issues, including through the National Landcare Awards, the Smith Family Learning for Life program, Westpac's Operation Backyard, local support for the Westpac Rescue Helicopters in NSW and Queensland, as well as community based financial education via our Let's Talk and Beyond Survival seminars.



The Smith Family's Learning for Life Program aims to assist 70,000 Australian kids by 2004.



40% of our rural and regional business customers are involved in agribusiness.



We have 182 in-store partnerships across Australia operated by local proprietors.

Back in 1998 we accepted our role in supporting rural communities by being the first bank to publicly commit to keeping face-to-face transactional banking in every country town where we had a presence.

Earning the respect of customers

Small and medium sized business banking

Business lending policies

Our approach to lending is not simply to control risk but to ensure targeted financial results are achieved for both Westpac and its customers. In doing so we aim to achieve a high degree of reliability and responsiveness through disciplined market development, risk analysis, customer assessment and credit approval policies and approach.

Within business banking, we manage a continuum of risk including transaction, credit and environmental risks.

Two different approaches are applied in assessing these risks and approving the credits.

Larger and more complex transactions, including those with high social or environmental benefit or risk, undergo detailed analysis of customer and facility risk on a transaction basis. Volume-oriented and more routine transactions rely heavily on automated risk scoring techniques based on sound market analysis.

We also insist on a separation of the credit approval process from line management and we normally require at least two credit officers to review and approve a transaction.

Business lending with a high social benefit

Small and medium size businesses (SMEs) are a fundamental part of the Australian business landscape, as major

employers, and many of their activities, which we assist in funding, have social benefits. Currently 12.6 per cent of total business lending assists small business in Australia. Currently we do not classify or monitor our lending activity by the degree of social benefit attaching to each loan. Various business lending activities, however, do have high social benefit.

Westpac's lending policies have resulted in a high social benefit for women in business who were previously disadvantaged. In order to redress this imbalance of the past, Westpac has made sure this group benefits from its social benefit lending policy. We consider there is more work to be done here given the proportion of women starting their own business and those who share the responsibility of running a business.

Institutional banking

Institutional banking lending policy

Lending criteria within our institutional bank involves detailed transaction analysis, including assessment of customer, country, industry and facility risk. The quality of management, including perceptions of integrity and ethics, of existing or prospective customers is also taken into consideration in all lending or investment decisions. Lending or investment requests for illegal purposes, as in all areas of the bank, will not be considered.

Additional scrutiny and restrictive approval thresholds apply for funding requests for sensitive transactions such as tax schemes, hostile takeover bids, and involving parties related to a director of the bank or political parties.

Institutional lending with a high social benefit

Funding proposals from institutional banking customers involving high social benefits are assisted where the viability of the projects can be validated. While there is no standardised definition, initiatives in the following areas have been identified as typically having a higher social benefit:

- Rural and regional development;
- Water conservation and rectification projects;
- Hydro electric and sustainable energy projects;
- Medical and health initiatives;
- Waste management and recycling; and
- Some infrastructure projects.

In total, institutional lending with a high social benefit across these identifiable projects represent approximately \$3.9 billion of total institutional banking lending.



We've committed \$1.25 billion over five years to assist women in business.



12.6% of total business lending assists small business in Australia.

The facts

Westpac Australia, year to 30 September 2001 unless otherwise stated.

Business lending profile

Sector	% of business lending	Sector	% of business lending
Transport	2	AGC equipment finance	16
Travel & tourism	6	Retail	13
Forestry & agriculture	9	Wholesale	4
Finance	7	Chemical, minerals & machinery	<1
Housing, education, welfare & leisure	4	Professional services	1
Construction	3	Real estate	22
Other	13		

Third World Debt

Westpac does not have physical or direct banking operations in third world countries outside of the Pacific Islands. As a result we do not have any material involvement in third world debt nor do we deal in it as a commodity.

Socially Responsible Investment (SRI) activities

A significant and increasing proportion of the community wishes to see their investments directed towards addressing social and environmentally sound activities. Part of being a sustainable banking business is to be in a position to provide investments for our customers that meet such requirements in regard to promoting sustainable business practices.

Our response through our Socially Responsible Investment (SRI) products is to provide an opportunity to invest in Australian and international companies that not only have strong financial performance and prospects, but also display sector leading social and environmental performance.

Together with Monash Sustainability Enterprises (Monash University) we have developed a number of diversified socially responsible share funds including:

- Westpac Australian Sustainability Share Fund;
- Westpac Australian Eco Share Fund; and
- Westpac International Sustainability Share Fund.

Our approach is to use "best of sector" stock selection, which rewards companies with leading sustainability performance while encouraging others to improve their practices. It recognises that large corporations play a key role in determining global environment and sustainability outcomes such as air and water quality, human rights and workplace safety.

Our SRI approach also provides investors with risk control through a well-diversified portfolio. As studies show a positive link between a company's share price and its sustainability performance, there are good reasons to expect solid performance from our socially responsible investment approach.

Insurance

We continue to build our insurance activities, focusing any underwriting activities principally on home and contents, loan payment protection, life, injury, and income insurance. These are natural extensions of our banking activities.

Managing sensitive issues

Anti-money laundering

We have implemented identification procedures and staff training to ensure compliance with anti-money laundering legislation and regulation. Our Policy also draws upon the Wolfsberg Principles for Private Banking and the various guidelines issued by the Financial Action Task Force, the

Asia Pacific Group on Money Laundering and the United Nations Global Program Against Money Laundering.

Under the Financial Transactions Report Acts (1988), we have reported some 5,000 suspect transactions over the past three years.

Westpac Mortgage and Income Fund

On 22 June, 2001 Westpac notified the market of the decline in value of the Mortgage and Income Fund and closed the Fund to new and additional investments.

The Australian Securities and Investments Commission (ASIC) commenced an investigation into the circumstances leading to the fund's closure and have finalised its investigation and decided to take no further action.

As a result of its own initiatives, and following discussions with ASIC, Westpac implemented some important additional review mechanisms in the complaints process for investors.

Reform of credit card schemes in Australia

The Reserve Bank of Australia has proposed reforms to credit card schemes in Australia following their formal 'designation' as a payment systems subject to its regulation in April 2001.

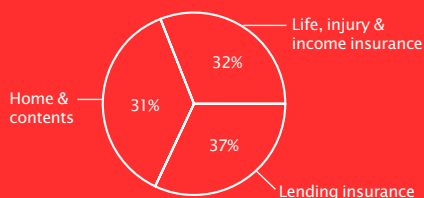
Westpac has supported the need for reform and is co-operating with the regulator in the reform process.

Country profile* of institutional banking activities

(% of total)	Country income classification*			
	low	low-middle	middle-upper	high
Customers	0.25	0.08	0.16	99.51
Exposures	0.14	0.04	0.12	99.70

*World Bank classification

Insurance product profile



Insurance complaints September – December 2001

Number of claims	7,964
Number of claims complaints	125
% of claims complaints	1.6%

Asset management with high social benefit (HSB)

Assets under management ¹	\$22,441m
Superannuation funds (Ex SRI ² funds)	\$11,172m
SRI ²	\$84m
% of total with HSB	50%

¹Includes funds under advice

²Socially responsible investments

Ensuring a future for our communities

“We must strive to identify and remove the barriers that prevent people from participating in economic and social life, especially the most vulnerable among us.”

Andrew McCallum, President, Australian Council of Social Service (ACOSS).





A key challenge for contemporary Australia is to ensure that all citizens have the opportunity to benefit from economic growth and technological change. To do this policy and practice must seek to be inclusive and sustainable, built on a premise of valuing the current and potential contributions of all members of society. In this context, we must strive to identify and remove the barriers that prevent people from participating in economic and social life, especially the most vulnerable among us – unemployed people, people with disabilities, people without homes, Indigenous Australians, young people and families experiencing financial and emotional distress.

As the peak council for the community welfare sector and the national voice for people affected by poverty and inequality, ACOSS is committed to building a more inclusive Australia.

But why does poverty and inequality matter?

Poverty means unacceptable hardship and personal distress. Individuals and families are not able to get a secure job, and do not have enough money for essential costs. The cost of essential medication for a child's illness could force a family to give up some of their food budget, and to go to an emergency food provider. An unemployed person may not be able to afford suitable clothes to give them a good chance in a job interview. A family may not be able to afford housing costs, or bond. A student may have to work five nights a week, and study full-time. Poverty means that it is difficult for a child to gain a proper education, and for parents to help them, because of the costs involved and the constant struggle to make ends meet.

With the decline of full-time work, and the concurrent increase in part-time and casual labour, increasing numbers of Australians are facing insecure employment and a lack of the entitlements that accrue to full-time workers, and little hope of accumulating a reasonable level of superannuation or other savings.

People in poverty suffer higher levels of physical and mental illness. Poverty is associated with higher stress levels for

individuals, which can contribute to dangerous lifestyle trends such as smoking, substance abuse, or an unbalanced diet.

It is estimated that around 13 per cent of the Australian population are living in poverty, and the gap between the rich and poor continues to grow. The richest 20 per cent of families are now ten times better off than the poorest 20 per cent of families. Despite several years of economic growth unemployment remains an entrenched phenomenon and long term unemployment is stuck at unacceptably high levels. In 2001, 1.4 million Australians did not have the work they needed to support themselves or their families.

Lack of opportunity for one generation tends to translate into lack of opportunity for the next. In some families, there are no resources to support others in the family if things go wrong. In many families, children begin with little hope for the future, when they should believe they have the potential to achieve anything at all.

It is imperative that we continually ask ourselves – what kind of Australia do we want? Do we want to live in a country which is divided, where only a few have access to the lion's share of wealth and where large numbers of people can't make ends meet? Or do we want an Australia where people have access to the resources they need to control their own lives, to live a decent life and make the most of opportunities that come their way.

In the long run, it is in all our interests – government, business and the general community, to ensure that people have the capacity to consume, produce, save and contribute to society and culture. Divides in society, such as the growing gap between the rich and the poor, the underemployed and the over employed, the powerful and the disenfranchised gradually tear away at that fabric and result in disharmony and discontent. Our capacity to understand the other and engage in mutual learning is undermined and our real wealth, our social capital, is diminished.

Ensuring a future for our communities

Building social capital

As one of the nation's oldest institutions – not simply its first bank, but also its first company – we have been an integral part of the Australian social fabric since 1817. With around 23,000 Australians employed by us, some 5.5 million Australians choosing to do business with us, and millions of direct and indirect shareholders, we are not only pervasive in Australian life, we also represent a microcosm of the Australian nation.

From this privileged position, we recognize our obligation to conduct our business in a way that contributes to building social capital. We live in a pluralist society and the price of sustaining it means that as a business we must accept our responsibilities.

For us building social capital starts with business basics and dealing with the substantive issues, finding correctives for broad based community concerns and being deeply involved in the community. It's not only good for the overall community, it enhances community trust in us and it's good for our business.

We have a long history of community partnerships. We've just had our 28th anniversary of our commitment to the Westpac Rescue Helicopter Services, 31 years partnering with the Salvation Army in the Red Shield Appeal, and 23 years developing numeracy skills for young Australians via the Australian Mathematics Competition.

We've also worked on ways to bridge the gaps between low-income earners and other disadvantaged groups in terms of access to services. Since 1999, we've offered essential fee-free banking to pensioners, the disabled, students, young people and people on welfare.

In rural areas, where we find a traditional branch is no longer viable, we have moved to more cost-efficient and therefore sustainable face-to-face services - community "In-stores" we call them. We locate these in existing businesses and pay a fee to local businesses to operate them.

In addition, our direct assistance programs reach across a range of causes – from charitable and welfare support, research into juvenile diabetes, rescue services, youth education, Indigenous programs, overseas aid, to the arts. In total we are putting in excess of \$25 million each year into these financial inclusion and community initiatives to help strengthen Australia's social capital.

These activities reflect our genuine commitment to inclusion, fairness and compassion – qualities that Australians want to see in the large institutions of our pluralist society.

Staff volunteering and fund raising

We also support our staff in getting out and working with the community on projects important to them. Around 60 per cent of our employees are involved in their local community in fund raising or volunteering work.

Each year, every one of our employees is entitled to a community volunteering day – a paid leave day so that they can participate in community activities.

Westpac also matches, dollar for dollar, staff fundraising or contributions to any tax-deductible charity through our Matching Gifts Program. Since 1998, a combined total of \$3.8 million has been distributed to more than 340 charities across the country under the staff program.

Each year, we also acknowledge and reward the volunteering efforts of our staff through our Community Volunteering Awards.

Social performance screening of suppliers

The way in which our suppliers and partners in business approach corporate governance and their social responsibility policies and practices is an increasingly key determinant in our decision to enter into business relationships with them.

When contract renewal occurs we increasingly require our key partners to provide details of their practices relating to social responsibility and care for the environment. We also want to know any future plans they may have across all social responsibility dimensions.

Constructive, long-term relationships with suppliers and partners that share our commitment to socially responsible and sustainable business practices are positive for our customers, staff and shareholders.

The facts

Westpac Australia, year to 30 September 2001 unless otherwise stated.

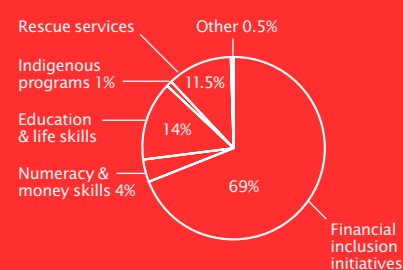
Community contributions

Area of involvement	\$m
Charitable gifts	1.3
Community investment	15.1
Eco projects	0.3
In-kind	2.05
Management costs	1.05
Commercial sponsorships	7.1
Total	26.9

Community involvement



Breakdown of community investment



Community contributions as a percentage of pre-tax profits

Community contributions as % of pre-tax profits	
Total excluding commercial sponsorship	1.10%
Total community involvement	1.50%

Case Study – Indigenous communities

Cape York Indigenous Partnership

In recent years, we have recognised the important leadership role we can play in assisting smaller and remote Indigenous communities in Australia. As a result, we are currently involved in a number of initiatives to address the financial, educational and employment needs of Indigenous Australians from both business and philanthropic perspectives.

Foremost amongst these initiatives is the Cape York Indigenous Community Partnership. This Partnership is part of a broader commitment to develop solutions and support programs that foster self-sufficiency for Indigenous communities.

The Cape York program was initiated by the Indigenous Enterprise Partnership (IEP), a partnership involving Indigenous leaders from the Cape led by Noel Pearson, and representatives from the Boston Consulting Group, The Body Shop, the Myer Foundation, RMIT School of Management, Harvard Business School and Westpac.

With the IEP we have initiated an employee secondment program to support two initiatives, designed by the Cape York communities, as part of a broad plan to build financial independence.

In November 2001, 13 of our staff went to the Cape on a one-month secondment to run a pilot in support of the two initiatives.

The first initiative, the Family Income Management Scheme (FIMS) is designed to provide education and awareness on effective use of family income and funds and harnessing the power of money. Family groups voluntarily engaged with our team to establish family budgets by forming agreement on priorities for day-to-day items, medium and longer term goals. As a result, participants authorise deductions from their income, in some cases diverting funds from substance abuse. The scheme works towards self sufficiency with a number of families already achieving their goals.

The second initiative was the Balkanu Cape York Development Corporation – Business Hubs Strategy. These hubs are designed to support Indigenous entrepreneurship in Cape York and provide encouragement and incubation of ideas for new business ventures.

Our volunteer team assessed market opportunities and provided assistance with business planning and with funding applications. They were engaged in a broad range of activities designed to utilise their specific skills.

A second team of Westpac volunteers travelled to Cape York in April 2002 as part of our commitment to provide 50 secondees each year for the next two to three years with each staff member giving one month of their time to the project. The secondees are selected from diverse roles within Westpac with selection open to all staff.

“Unemployment rates for Indigenous people are 26% compared to the national average of 8%.”*

*Source: ATSIC – Aboriginal and Torres Strait Islander Commission.

Keeping our corporate conscience green

“Public relations, spin and green-washing will provide no lasting boost to corporate reputation. It will in many cases, detract from reputation.”

David Butcher, CEO, World Wide Fund for Nature Australia (WWF).





World Wide Fund for Nature Australia (WWF) is firmly of the view that all people in all walks of life have a responsibility and a role in ensuring that humans live in harmony with nature. Business is no exception.

WWF believes that those who are part of a conservation problem can also be part of its solution. For too long, many in business have viewed the many issues surrounding sustainable development as, at best, peripheral to their business objectives, or, at worst, irrelevant to their business.

Many in business have also sought to pretend that sustainable development is a problem that belongs to somebody else. This pretence is evident in what economists describe as externalities, those societal and environmental costs that are not met by the business that generates those costs, such as greenhouse gas pollution or loss of biodiversity, but are borne by the environment and/or the community at large.

Failure to take these issues seriously has obvious consequences – to reputation in the community, to the environment, and to the financial bottom-line.

It is important to stress that all sectors of the business community have this responsibility. It is not confined to those that directly exploit natural resources, such as the companies engaged in mining, logging, fishing and agriculture, however much these sectors still have to do to achieve sustainability.

Banks, insurance companies and retailers too, all have the responsibility to ensure that their business activities contribute to, not undermine, the pursuit of sustainable development.

Investment and procurement policies, to name but two, can have profound effects by sending clear signals to the market that sustainability is valued and that unsustainable practices will be spurned.

Westpac should develop investment policies that both favour sustainability and reduce the financial and reputational risks to Westpac of financing poor projects.

On the issue of procurement policy, Westpac is a major consumer of energy, office accommodation, paper, water and transport. Westpac should develop procurement policies, targets and timetables that actively reduce the environmental and social "footprints" of its operations.

WWF's experience internationally with the Forest Stewardship Council and timber certification provides a clear example. Forest management practices can be dramatically improved when the market – made up of investors and consumers – has the capacity to differentiate products on the basis of the sustainability of their production.

WWF is pleased that Westpac, like a number of other corporations in Australia, has made a welcome first step in acknowledging the responsibility and necessity of business to be part of the global effort to achieve sustainable development. To warrant support, the Australian public will require clear evidence that Westpac has a credible strategy for sustainable development, including targets and timetables, and that it is being implemented.

Keeping our corporate conscience green

Environmental policy

Our approach to managing our environmental impacts is centred on an environmental management system (EMS) based on ISO14001. This system includes a set of specific environmental objectives and targets against which we monitor our performance closely. Our environmental program includes:

- organisational wide policy review and development;
- energy and resource management, including emissions reduction initiatives;
- independent environmental auditing;
- environmental credit risk assessment; and
- provision of environmentally sound investment products.

Our policy is to meet or exceed all relevant standards in the countries in which we operate and also respond to the community's expectations on environmental responsibility. More details on our commitment to the environment are available at www.westpac.com.au/internet/publish.nsf/Content/WISPEN+caring+for+the+environment

We were one of the inaugural members of UNEP Financial Institutions Program, and are engaged in Advisory Committees for Credit and Risk Assessment, Socially Responsible Investing, and Environmental Management and Reporting. We are also a member of a UNEP Geneva based project developing a global environmental management and risk-reporting framework for

financial institutions. In 2002, we became a member of the United Nations Global Compact.

Organisation

Overall responsibility for our environmental policies and performance, including our Environmental Management System rests with the Chief Executive. The Board Social Responsibility Committee reviews performance and approves policy as set by management.

Responsibility for coordinating environmental policy development, stakeholder engagement, and group wide implementation rests with the Environmental Co-ordinator. Central to the management of operational issues is the Environmental Advisory Group. This group ensures environmental considerations, consistent with policy, are incorporated into all aspects of our products, services and company operations.

Audits and reporting

We continually audit internal processes to identify gaps or weaknesses in our procedures. Audits of our sites are conducted annually to ensure they comply with OH&S and environmental legislation. Environmental Management System audits were carried out in December 1999 and September 2001. The Advisory Committee implements recommendations from these reports.

As a signatory to the Global Compact, we have undertaken to report annually on environmental programs against three specific issues: support for a precautionary approach to environmental challenges; promoting greater environmental responsibility; and encouraging environmentally friendly technology.

We also report annually to the Australian Greenhouse Challenge. Copies of our progress reports are available at www.greenhouse.gov.au

Environmental credit risk assessment

Business banking

Lending proposals from small and medium size businesses are initially screened using industry classification codes to assess the possible environmental risk.

Where security offered may be subject to high environmental risk, we require evidence of responsible and adequate management of the environmental issues by the borrower. In the industries with the most significant environmental impacts we may require an external environmental assessment to be carried out before any loan approval.

Institutional banking

Westpac's Institutional Bank assesses environmental risk at the individual corporation or institutional level based on its industry category. Transactions with perceived environmental risks are subject to an initial environmental screening using assessment processes to determine whether a potential risk



Operation Backyard is our staff-driven, community based environmental program.



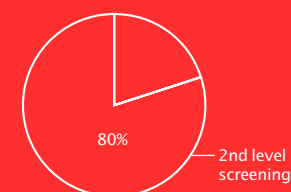
In 2001 Westpac Investment Management won the inaugural SRI Banksia Award.

The facts

Westpac Australia, year to 30 September 2001 unless otherwise stated.

Environmental screening of institutional lending

1st level screening – 100%



Lending with high environmental benefit (HEB) (on balance sheet lending)

Segment	Total lending (\$bn)	HEB loans (\$bn)	HEB as % of total
Business banking	26.0	0.06	0.2%
Institutional banking	22.7	0.25	1.1%

exists and whether that risk impacts the customer capacity to meet its financial obligations.

Environmental risk assessment may include

- environmental awareness, policies and procedures;
- compliance with all regulatory requirements;
- management and financial capacity;
- external advice and site inspections where relevant; and
- whether the activities are so hazardous that they are likely to cause harm, despite expertise available to mitigate the risk.

Lending with a high environmental benefit

Our practice is to monitor and to seek to support business customers operating in industries with a high environmental benefit. These include businesses:

- supplying alternative energy sources or public transport which reduces emissions or pollution;
- manufacturing recyclable products to reduce waste; and
- operating recreational parks and zoo/botanical gardens which preserve the environment.

We also consider any environmental benefits when assessing project proposals. Examples of projects considered and supported include recycling, electricity generation from more greenhouse friendly sources such as wind power and co-generation. We continue to actively seek new opportunities to act as a financier to renewable generation projects in Australia.

Assets under green management

Together with Monash Sustainability Enterprises (Monash University), we have established processes to screen socially responsible investment. Monash Sustainability Enterprises independently rates each company's performance against world's best practice benchmarks. These measures include the extent to which a company:

- addresses environmental management as a strategic concern, and provides a clear indication of its responsiveness to changing business drivers, risk and market conditions;
- integrates good environmental management into day-to-day business management processes, systems and functions;
- implements best practice environmental techniques, technologies and product design; and
- manages stakeholder concerns and demonstrates a capacity to develop environmental strategies and responses.

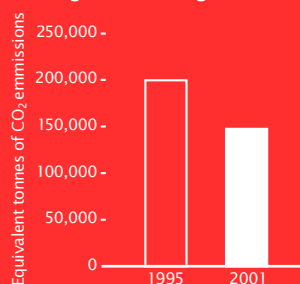
This evaluation results in an environmental rating of companies within each major industry sector. Our "best of sector" investment approach utilises these ratings in stock selection for both the Westpac Australian Sustainability Share Fund and the Westpac Australian Eco Share Fund.

Our Westpac International Sustainability Fund also offers an indexed approach to SRI portfolio construction for international shares using the ratings from the Dow Jones Sustainability Group Index.

Westpac environmental management system organisation chart



Total greenhouse gas emissions



Emissions source

Emissions source	Equivalent tonnes of CO ₂ emissions
energy	126,500
car fleet	4,200
paper	16,700
Total	147,400

Eco performance ratios

Emissions performance ratios	Equivalent tonnes of CO ₂ emissions
CO ₂ /person	6.7
CO ₂ /m ²	0.2
CO ₂ eq paper/empl	0.8
CO ₂ eq car fleet/veh	5.4

Resource usage

Energy	unit	number
energy – electricity	MWh	118,700
MWh/person	MWh	5.4
energy – gas	GJ	34,400

Paper	unit	number
paper consumption	t	7,000
paper consumption	t/person	0.32
recycled paper	t	1,000
copying paper	sheets/person	11,400
Car fleet		
fuel consumption	kl	1,880
fuel consumption	kl/vehicle	2.42
km travelled	km	34,461,000

Accounting for every dollar

“Unless a company meets legal standards, respects social mores and remains financially healthy it won’t survive to have any sort of bottom line.”

Ted Rofe, Australian Shareholders’ Association (ASA).





There is no doubt that the worth of any company cannot be separated from its financial performance.

Shareholders as the ultimate owners of a company invest for a return on their funds. If they believe that return is not being maximised shareholders will exert pressure for change or take their money elsewhere. Of course businesses must look after employees, suppliers and customers, relate to their communities, be environmentally conscious, obey the law and behave ethically.

However, these are not bottom-line issues in the sense of being target outcomes – they are top-line pre-conditions for successful operations. Unless a company meets legal standards, respects social mores and remains financially healthy it won't survive to have any sort of bottom line.

Managing a company's operations effectively starts with the top-line pre-conditions and ends with the creation of value for shareholders. That's the bottom line – it's the only one.

Ultimately most funds end up where their owners believe they can earn the best return. And it would be dangerous to live in a world where shareholders have forfeited their primacy. In banking, anything that could have the effect of destabilising the systemic or financial stability of the industry should quite rightly be shunned.

Interfere with a company's ability to achieve its financial objectives and you undermine the very reason for the company's existence. Take the focus off bottom line results and you kill the goose that is laying the golden egg and the ability of business to support government, non-government organisations and civil society in creating and sustaining a sound enabling environment and healthy society.

Indeed governments of all persuasions invest heavily to attract business because healthy businesses mean jobs and spending and taxes to fund social initiatives and infrastructure. Producing safe and cost effective goods and services, thereby generating profits, creating jobs and building wealth remains the core responsibility of business to society.

It is worth noting at this point that good governance is at the core of these top-line pre-conditions. While many view the Enron situation and other notable corporate collapses as 'merely accounting problems', there are clearly very widespread breakdowns in the entire oversight system – from corporate lawyers and accountants to investment bankers, analysts and boards of directors.

As a result, public confidence in the truthfulness of corporate financial documents has been badly shaken. With investor anger on the rise and trust in the markets on the wane, regulators and companies should embrace a bold new agenda of reform in corporate ethics and governance practices.

We need to re-examine the accounting standards that prevent manipulation and allow form to dominate substance. There is a critical need to take a long hard look at the independence of auditors. Audit partners should be rotated and former partners of audit firms should not be appointed as directors of companies that are being audited by their former firm. There is also a need for companies to state whether tenders have been called for non-audit work and to be transparent about the nature of this work.

It is clear that in the long term – prevention is better than any cure. There is absolutely no excuse for companies not adopting best practice governance principles across the board. Companies must opt in or face the consequences.

Directors should stand up for shareholders' rights and the economically and socially beneficial role of competitive, profit-oriented business. There is always a necessary price for effective regulation and the fact remains that even where there are regulations you cannot legislate good corporate behaviour.

When it comes to protecting investors, it's an all-or-nothing proposition. Boards must take full accountability for the integrity and values of their companies and install good corporate governance practices across the company.

Accounting for every dollar

Financial performance

Our profit result is the key reality check for Westpac because the worth of our company and the respect in which it is held cannot be separated from our financial performance.

Our profit of \$1,903 million in the last financial year ending 30 September was our ninth consecutive annual improvement in profit performance. It was up 11% over the prior year's profit.

Not surprisingly, this has added up to strong results for our shareholders. Earnings per share were up 16% on the prior year, with a return on equity of 21.1%. The full year dividend of 62 cents, fully franked, represented a 15% increase over the previous year and a dividend payout ratio of 60.3%.

The profit result reflected strong revenue growth across the business as we substantially deepened our core franchise and increased market share in key products.

More importantly, the result reflected strengthening support from our customers with the number of customers having a multi-product relationship with us continuing to grow. We believe we have achieved this through the use of better management tools while offering customers cost effective, simple services that meet their needs and products that are attractive and competitive.

We also continued to deal decisively with past cost inefficiencies. We have reduced our cost to income ratio

from over 62.9% in 1996 to just 51.5% as at the end of September 2001. It has continued to head lower and was at 49.4% at the end of March 2002. We expect our cost containment to continue to benefit from access to enhanced scale by partnering with several leading global players to outsource some of our service and processing activities that are not central to our customer strategy.

Asset quality

Asset quality remains sound, despite the tumult in world financial markets following the September 2001 terrorist attacks in the United States and the broader downturn in global economic conditions. The period was also notable for the much-publicised credit problems of a small number of large corporations.

Reflecting the quality of our balance sheet, our key asset ratios remained strong by both domestic and international standards. At 0.6%, the level of impaired assets to total loans and acceptances remained near the historical low levels of recent years.

Our provisioning cover as at 30 September 2001 remained world class at 177% of our impaired or problem assets. Consistent with our dynamic provisioning approach, we are confident that we are adequately covered for any residual exposures.

Our portfolio as at end September 2001 was well balanced, diversified and relatively low risk. Residential mortgages accounted for 33% of the total credit risk, while investment grade corporate and institutional counterparties accounted for a further 43%.

Capital levels

We also remain prudently capitalised in line with our targeted capital levels. Our Tier one capital ratio of 6.3% remained well in excess of the four per cent minimum required by regulators.

Financial controls and accounting standards

Our Board Audit and Compliance Committee oversees all matters concerning internal control, accounting policies and financial reporting, including our interim and final financial statements. It also monitors our relationship with the external auditors.

Our financial reporting complies with Australian Accounting Standards, other mandatory professional reporting requirements and the Bank of New South Wales Act of 1850 (as amended). These requirements have been applied in a manner prescribed for an authorised deposit-taking institution under the Banking Act 1959 (as amended) and in accordance with the requirements of the Corporations Act.

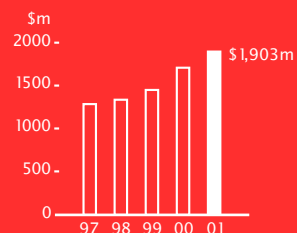
The preparation of the financial statements is done in accordance with generally accepted accounting principles that require management to sometime make estimates and

The facts

Westpac Group, year to 30 September 2001 unless otherwise stated.

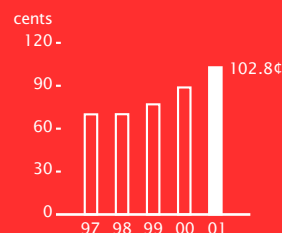
Profit

Operating profit after tax and before abnormals, attributable to shareholders.



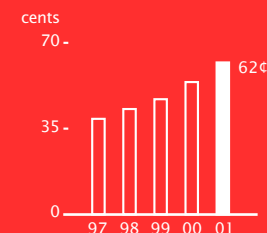
Earnings

Earnings per share, before abnormals.



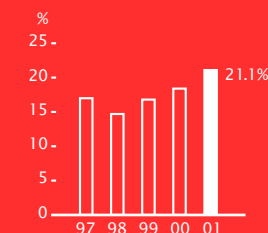
Dividends

Dividends per ordinary share.



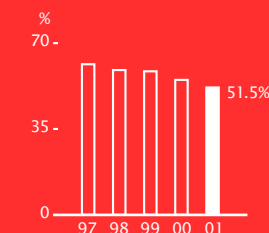
Return

Return on average ordinary equity, before abnormals.



Efficiency

Expense to income ratio, before amortisation of goodwill.



assumptions that affect the amounts reported in the financial statements and accompanying notes.

Where relevant we also include disclosure in our financial statements to comply with disclosure required by the United States Securities and Exchange Commission.

External auditors audit our financial reports, with the audit conducted in accordance with Australian and United States' Generally Accepted Auditing Standards.

Independence of financial auditors

The Board Audit and Compliance Committee monitors the relationship with the external auditors and reviews and assesses the independence of the external auditors.

Our external auditors provide, at least annually, a statement covering relationships between them and the Bank, which may reasonably be thought to bear on their independence. This specifically includes an assessment of non-audit related assignments (consulting or advisory) conducted for the Bank and its related entities.

The Bank has a specific policy not to use the auditors for non-audit work if their independence would be impaired or could be seen to be impaired. The policy specifically requires that engagements of our auditors for consulting services must be documented in a prescribed form and be approved by the Board Audit and Compliance Committee.

Westpac also supports the principle of rotating audit partners.

Risk management

Accepting and managing risk is central to our business. Our approach is to recognise and actively manage the following types of risk:

- Credit risk – the risk of financial loss from the failure of customers to honour fully the terms of their contract with us;
- Market risk – the risk to earnings from changes in market factors such as interest and foreign exchange rates;
- Liquidity risk – the risk that any net cash outflow exceeds our ability to access new funding; and
- Operational risk – the risk of unexpected financial, reputation, or other damage arising from the way our organisation pursues our business objectives.

The Chief Executive Officer is accountable to our board for maintaining an effective control environment, which reflects risk appetite and business objectives.

Value generation

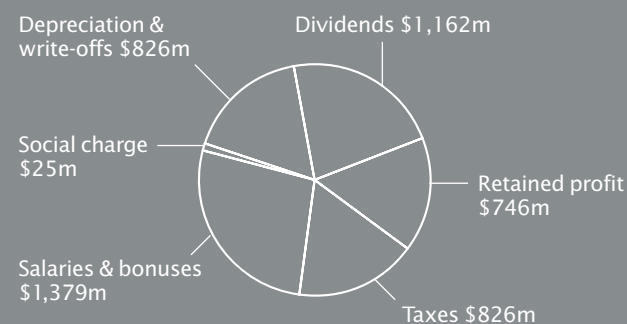
In the year to end September 2001, we created \$4,964 million of gross value add, from \$6,737 million of net operating income from all income sources, against supplier and non-salary input costs of \$1,773 million.

Value generation (\$million)

Gross value add	\$m
Net interest income	\$4,200
Commissions & services net income	\$1,605
Trading operations net income	\$274
Life insurance & fund management net income	\$524
Other income	\$134
Net operating income	\$6,737
Suppliers and non-salary input costs	-\$1,773
Gross value add	\$4,964

Value distribution (\$million)

Total gross value add was distributed as follows:



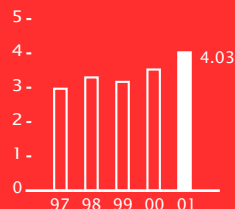
Share price to net tangible assets

(Per share as at 30 September)

	1997	1998	1999	2000	2001
Share price	\$8.70	\$9.28	\$9.45	\$12.75	\$13.29
Net Tangible Assets	\$3.69	\$3.59	\$3.71	\$3.96	\$4.28
Ratio	2.36	2.58	2.55	3.22	3.11

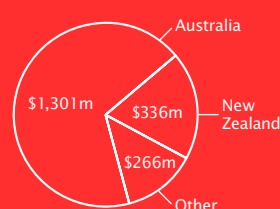
Staff productivity

(Net operating income/salaries & other staff expenses less restructuring expenses)



Profit by region

(\$ million)



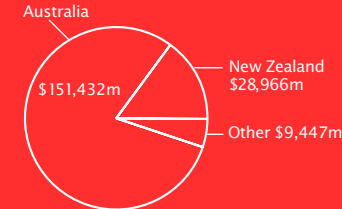
Operating income by key business unit

(\$ million)



Assets by region

(\$ million)



Verification Statements

Social verification statement

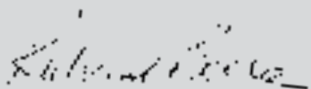
A very specific scope of verification was agreed for the first Westpac Social Report. The purpose of the verification was to test the report's data and assertions in the following sections – Managing business well; Looking out for employees; Earning respect of customers; and Ensuring a future for our communities. These data and assertions were examined to determine whether they presented a fair and accurate reflection of the reported areas.

There are currently no recognised Australian or international standards for social auditing to guide the verification of social reports. The verification method applied to the investigation of the assertions and data contained in this Social Report involved a combination of following evidentiary trails and, where appropriate, interviews with those responsible for originating and collating the claims and data. A three-person audit team verified 209 claims during a total of 220 hours. Over 30 interviews were conducted at a range of levels within the organisation and extensive documentation was examined. Where data was verified, the assumptions made in producing the data were tested to ensure completeness.

I had unrestricted access to all personnel and material requested.

My recommendations in relation to the report's assertions and data were fully accepted and are incorporated in this report.

Accordingly, it is possible to offer my opinion that the assertions and the data presented in the above-cited sections are a fair and accurate reflection of the areas they address.



Richard Boele
Australian Institute of Corporate Citizenship
Sydney, Australia
July 2002

Environmental verification

GHD was commissioned by Westpac to independently validate the environmental data and statements made in the 2002–2001 Annual Report.

Scope of work

The scope of our assessment was to:

- Validate that environmental data presented in the Report was materially correct, based upon a selection of data for each environmental performance indicator;
- Review completeness of data, consolidation and interpretation of data, reasonableness of assumptions and calculation methods;
- Review supporting documentation to validate the statements made in the environmental section of the Report; and
- Identify any weaknesses in the data collection procedures or other environmental claims and make recommendations for improvements, in a detailed report to Westpac.

This is Westpac's first attempt to publicly report on the Environmental Performance Indicators for the Financial Industry, which were developed in 2000 by an international group of 11 financial service institutions (EPI-Finance 2000). The findings of the verification audit are summarised below.

Verification of environmental claims

The environmental statements and claims made in the text of the report were verified as correct.

The application of the environmental risk management procedures was satisfactory (for Institutional and Business banking) although the sample of data reviewed was small.

Reporting systems

GHD reviewed Westpac's procedures for collecting the environmental data and deriving environmental performance indicators. The procedures were generally acceptable and the

assumptions made in deriving indicators were justifiable. However, the methodology was not documented in all cases.

Baseline data on paper and recycled paper was collected and collated by suppliers. Currently there are insufficient checks of data from suppliers.

Data was presented in the report in an appropriate manner, according to the environmental performance parameters developed by EPI-Finance 2000 and accounting of greenhouse gas emissions established by the Australian Greenhouse Office.

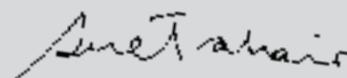
Data verification

There were a number of arithmetic, extrapolation and rounding errors and manual data entry errors noted in deriving the numerical performance indicators. The errors have been corrected in the final report.

Data used was generally materially correct. Data was tracked through an audit trail for the parameters noted in the report. Full baseline data was not available for recycled paper and paper usage.

Calculation methods, for example, greenhouse gas emissions, are valid and follow recognised methods.

Based on our findings, the environmental statements made and indicators shown in the Report, present a fair and reasonable view of Westpac's environmental performance over the past year.



Sue Trahair
Senior Environmental Auditor,
Gutteridge, Haskins & Davey Pty Ltd
Sydney June 2002

Financial audit statement

Audit opinion

In our opinion, the numeric data set out on pages 34 and 35 of the Accounting for Every Dollar Section of the Westpac Social Impact Report for the year ended 30 September 2001, is consistent with the following information from which it has been extracted:

- the Westpac Banking Corporation's audited financial statements for the year ended 30 September 2001,
- the US Securities & Exchange Commission Form 20-F for the year ended 30 September 2001,
- the unaudited Australian Stock Exchange (ASX) announcements for the year ended 30 September 2001 and half-year ended 31 March 2002; and
- information contained in unaudited reports prepared by Westpac Banking Corporation management.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The numeric data in the Report – responsibility and content

The inclusion of the numeric data on pages 34 and 35 of the Accounting for Every Dollar Section of the Westpac Social Impact Report (the Report) for the financial year ended 30 September 2001 is the responsibility of, and has been approved by, the directors of Westpac Banking Corporation (Westpac). The Report covers the policies, practices and performance of Westpac Banking Corporation and the entities it controlled during the financial year ended 30 September 2001.

The auditor's role and work

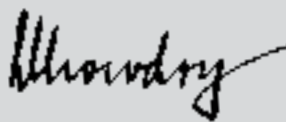
We conducted an independent audit of the numeric data contained within pages 34 and 35 of the Report in order to express an opinion on it to the members of Westpac. Our role was to conduct an audit of the numeric data on pages 34 and 35 of the Report, in accordance with Australian Auditing Standards, to ensure the numeric data is consistent with Westpac's

audited financial statements for the year ended 30 September 2001, the US Securities & Exchange Commission Form 20-F for the year ended 30 September 2001, the unaudited ASX announcements for the year ended 30 September 2001 and half-year ended 31 March 2002 and information contained in unaudited reports prepared by Westpac management. We conducted the audit referred to above. We disclaim any assumption of responsibility for any reliance on this opinion, or on the numeric data to which it relates, to any person other than the directors, or for any purpose other than that for which it was prepared.

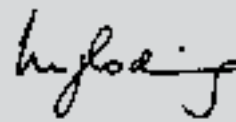
In conducting the audit, we carried out a number of procedures to assess whether in all material respects, the numeric data on pages 34 and 35 of the Report is consistent with our understanding of Westpac's financial position, and its performance as represented by the results of their operations and cash flows. The audit procedures included:

- examining evidence to support amounts of the numeric data to the Westpac audited financial statements for the year ended 30 September 2001, the US Securities & Exchange Commission Form 20-F for the year ended 30 September 2001, unaudited ASX announcements for the year ended 30 September 2001 and half-year ended 31 March 2002 and unaudited reports prepared by Westpac management and,
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the numeric data.

Our audit opinion was formed on the basis of these procedures.



R. Chowdry
Chartered Accountants
Sydney, Australia
July 2002



M.J. Codling

Who we are

Westpac Banking Corporation was founded in Sydney in 1817 as the Bank of New South Wales. We are Australia's oldest corporate institution. With more than eight million customers, Westpac is a leading provider of banking and financial services in Australia, New Zealand and the Pacific. In these markets we operate through more than 1,300 points of bank representation.

We maintain offices in the key financial centres around the world. Across the company we provide a broad range of banking and financial services for personal, business and institutional customers. Our activities include a full range of banking services, plus investment management and insurance, and finance company activities.

What we value

Our values represent the essential spirit of our company – our corporate religion.

We have three core values.

Teamwork – Working together to achieve common goals.

Integrity – Acting honestly. Doing what we say we will.

Performance – Staying focused, delivering superior results.

Our Vision

To be a great Australian company in the eyes of our stakeholders.

Our Code of Conduct

We act with honesty and integrity.

We respect the law and act accordingly.

We respect confidentiality and do not misuse information.

We value and maintain our professionalism.

We avoid conflicts of interest.

We strive to be a good corporate citizen and achieve community respect.

Glossary

Westpac terminology

Business banking: Westpac business unit serving small and medium sized enterprise (SME) customers.

Concern reporting: Westpac program for internally reporting issues of concern in regard to the behaviour of employees that is in conflict with our Code of Conduct or the law. Commonly referred to as 'whistle blowing'.

Deeming account: An Australian account that offers customers an easy way to deal with Australian Government (pensioner income) Deeming Rules. Such accounts are only available to individuals holding Pension Concession or Healthcare Cards.

Diversity: Acknowledgment and respect for a range and balance of people, ideas and practices.

Environmental screening: Considering a proposal or business against a series of environmental criteria base in law or good environmental management practices.

Executive remuneration fostering sustainable development: Incorporation of social and environmental performance objectives of the company into its executive remuneration practices.

FTE: Employment term used to express full time and part time staff on an equivalent full time basis.

In-store branch: A Westpac branch that is operated by an In-Store business partner and physically located within their business. Provides personal and business customer banking services and access to mobile lending and investment specialists.

Institutional banking: Westpac business unit providing financial services to corporate and institutional customers.

Lending with high environmental benefit: Lending to customers or businesses where the outcome contributes to the management of environmental issues for the individual or the community.

Lending with high social benefit: Lending to customers or businesses where the outcome contributes to the standard of living for either the individual or the community.

Social screening: Considering a proposal or business against a series of social criteria based in law or management practices for employment, labour standards and human rights.

Social safety net banking: Fee-free banking accounts for low income and vulnerable customers.

Work/life balance: The ability for an employee to balance the demands of work and family responsibilities.

Market terminology

ATM: Automatic Teller Machine.

Australian Greenhouse Challenge: Australian Government program for companies that are committed to reducing their greenhouse gas emissions. www.greenhouse.gov.au

Corporate citizen: a corporation that is intrinsically linked to the communities in which it operates.

CSR: Corporate Social Responsibility – the responsibility of corporations to achieve a balance in responding to the social, environmental and economic interests of all its stakeholders including employees, customers, community groups, shareholders and governments.

GRI: Global Reporting Initiative – global voluntary guidelines for companies to report transparently their performance on economic, environmental and social issues, such as human rights and workplace practices.

ISO 14001: International Standard for Environmental Management.

EPI Finance 2000 – Environmental Performance Indicators developed for the global finance industry in consultation with major European banks. www.epifinance.com

EFTPOS: Electronic Funds Transfer at Point of Sale.

NTA: Net Tangible Asset per Share – total assets of the company less any intangible assets, such as goodwill, and less all liabilities, divided by total number of shares on issue.

KPI: Key Performance Indicator. A unit of measurement, either text or numerical, that is used to assess a company's performance against specific criteria.

SPI Finance 2002: Social Performance Indicators developed for global finance industry in conjunction with the GRI, through a multi-stakeholder process. www.spifinance.com

SRI: Socially Responsible Investment. An investment product that invests in companies screened against performance criteria for environment and social management.

Stakeholder dialogue: Consultation programs designed to seek the views of all interested parties on a particular issue. The objective is to reach, within reason, a consensus view of the appropriate management of that issue.

UNEP FI: United Nations Environment Programme; A voluntary global program for Financial Services companies. 'Statement by Banks on the Environment and Sustainable Development'. www.unepfi.com

United Nations Global Compact: A group of worldwide companies and interest groups that have publicly committed to support nine principles governing behaviour in regard to environment, labour standards and human rights. www.globalcompact.org

Your feedback

Your opinion counts

Tear out page fold in half and seal.

Please provide us with your comments

I found the report to be: _____

- Very informative
 Informative
 Not informative

I found the information in: _____

	<i>Very informative</i>	<i>Informative</i>	<i>Not informative</i>
Managing business well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Looking out for employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Earning the respect of customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensuring a future for our communities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Keeping our corporate conscience green	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accounting for every dollar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you believe corporations have a social responsibility to the community? Yes No

Do you consider Westpac to be a responsible corporate citizen? Yes No

Would you like to be a participant in our stakeholder dialogue program? Yes No

Do you have any additional comments or questions? _____

Please keep me updated on any progress:

Name _____

Company _____

Address _____

City _____ State _____ Postcode _____ Country _____

Phone _____ Email _____

Send to Westpac using the following methods:

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Delivery Address:
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No stamp required
if posted in Australia



Westpac Banking Corporation
Reply Paid 75684
SYDNEY NSW 2000

Our performance is rated by

- Corporate Monitor www.corporatemonitor.com.au
- Dow Jones Sustainability Index www.sustainability-index.com
- FTSE4Good www.ftse4good.com
- The Fairfax Good Reputation Index www.reputationmeasurement.com.au
- Oekom Corporate Responsibility Rating www.oekom.de
- Monash Sustainability Enterprises www.montech.com.au
- Ethical Investment Research Service (EIRIS) www.eiris.org
- UBS Asset Management www.ubs.com

We support



EPI-Finance 2000
Environmental Performance Index



SPI-Finance 2002
Sustainability Performance Index



UNEP Finance Initiatives
Innovative financing for sustainability

The **Universal Declaration**
of Human Rights

Global Reporting Initiative

www.westpac.com.au

Our Social Impact Report can also be found on our internet site under the 'Westpac info' tab. You can also go direct to information on our Social Accountability Programs at www.westpac.com.au/internet/publish.nsf/Content/WI+Social+accountability

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Westpac Banking Corporation. ABN 33 007 457 141 also trading as Challenge Bank and Bank of Melbourne.