

PRESSING ON.



Contents


Highlights	1
Chairman's and CEO's foreword	2
Performance indicators guide	4
Our business	8
The emerging agenda	10
Employees	
Case study	12
Development and progress	16
Customers	
Case study	22
Development and progress	26
Environment	
Case study	32
Development and progress	36
Social	
Case study	40
Development and progress	44
Suppliers	
Case study	48
Development and progress	52
New Zealand and Pacific Banking	54
Finance and Governance	56
Factpac	60
Assurance statements	75
Glossary	78
Governance Structure	79
Contact us	79
Your opinion counts	80
Sustainability Ratings	81

Scope

This report covers the policies, practices and performance of Westpac Banking Corporation in Australia for the year ending 30 September 2003, unless otherwise stated. All dollar figures are AUD.

Highlights

10/10
BUT HOW DO
WE KEEP THE
PRESSURE ON?



- Rated the global banking sector leader in the Dow Jones Sustainability Index for the second year running.
- One of only 22 companies globally and the only Australian company to score the highest rating of 10.0 in the Governance Metrics International Global Governance Ratings 2004.
- Reporting against the UN Global Compact principles for the first time.
- Designed and implemented an extensive Sustainable Supply Chain Management Framework.
- One of 10 banks globally to adopt the Equator Principles in June 2003.
- Awarded Best Bank of the Year for Australia in The Banker Awards for the second year in a row.
- Reporting on Westpac New Zealand and Pacific Banking social impacts for the first time.
- Total reduction of 62,350 tonnes of greenhouse gas emissions since 1996.
- Awarded joint first place in New Zealand Equal Employment Opportunities Trust Work and Life Awards, 2003.
- Total net paper consumption effectively halved since our last report.
- Total community contributions equivalent to 1.7% of pre-tax profits.
- 80% achievement against our Disability Discrimination Action Plan.
- Launch of the Westpac Academy.
- Awarded a global Corporate Conscience Award by Social Accountability International for our work with the Indigenous Enterprise Partnership in Cape York.
- BT Governance Advisory Service and Public Sector and Commonwealth Super Schemes (CSS/PSS) jointly receive the Royal Award for Responsible Investment from UNEP FI and the Royal Awards for Sustainability.
- Highly Commended in Customer Service Institute of Australia, 2003 Australian Service Excellence Awards (Large Business category).
- Westpac Institutional Bank New Zealand awarded National Business Review Bank of the Year for 2004, for the second year running.

Chairman's and CEO's foreword

Our aims are simple – to have a sustainable business within a sustainable society. A society in which we can adequately pursue our financial aims and a business that enjoys the confidence, trust and respect of our owners, our customers and the people who work in it. And that's the bottom line.

As we sign off this third social impact report for Westpac, we are conscious of the pressing sustainability challenges for corporations – and for society more generally.

Which is why the tangible progress we are making across the financial, social and environmental arenas is so important.

This is particularly so, given that individual good still seems to be taking precedence over the common good. And in the suburbs and the regions, too many people feel excluded.

Most people don't like the sense of powerlessness that this brings. What's more, people are making their feelings known.

People are saying: look at it through our eyes; add greater empathy to your corporate strategies. To those of us in leadership roles they are saying: we expect more.

They want those of us in business to look again at our roles. And they want us to develop a style of leadership that blends compassion with competitiveness. And they want community to be maintained – someone caring for the common good.

In simple words, they want us to conduct our business in a way that not only meets our profit imperative, but also fulfils our broader workplace, social and environmental responsibilities.

And that's the bottom line.

We trust that in assessing our performance you will also notice some important advances in our approach and our reporting.

These include:

- expanding our reporting coverage by including our performance against both the Global Compact principles and the extended requirements of Global Reporting Initiative 2002 guidelines, including new information on issues such as human rights, biodiversity, climate change, and social, ethical and environmental risk;
- fully adopting a stakeholder-guided assurance approach with verification against AA1000 Assurance Standard;

- introducing a new section covering supply chain risk;
- including more case studies on important issues such as the ageing workforce, rural services and renewable energy – essentially setting out how we are applying the principles of sustainable business practices;
- giving increased attention to the most material issues of the day for our stakeholders; and
- taking on the challenge to make our report sufficiently comprehensive to all stakeholders while avoiding the temptation to impress through information overload.

Beyond these important enhancements, we are also pleased to introduce specific indicators relevant to our New Zealand and Pacific Island businesses. At the same time, Westpac New Zealand will also be publishing their own social impact report in 2004.

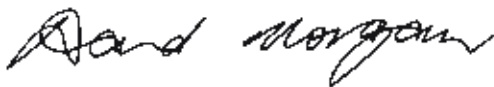
As evident by our success on the financial scoreboard, leading beyond the walls in contributing to social and environmental capital has not required any trade-off in our competitiveness or in our financial performance.

Quite the contrary, doing the right thing through sustainable business practices has built community trust and contributed to shareholder value. And, with trust in big companies being in short supply, this has not only been good for our business, it's been good for the overall community.

Our aims are simple – to have a sustainable business within a sustainable society. A society in which we can adequately pursue our financial aims and a business that enjoys the confidence, trust and respect of our owners, our customers and the people who work in it.



Leon A Davis, AO, Chairman.



David Morgan, CEO.

People want us to develop a style of leadership that blends compassion with competitiveness. And they want community to be maintained – someone caring for the common good.

In simple words, they want us to conduct our business in a way that not only meets our profit imperative, but also fulfils our broader workplace, social and environmental responsibilities.

Performance Indicators Guide

This guide covers the indicators we are reporting on and where they are sourced from. The social impact reporting framework used is based on:

- the Global Reporting Initiative;
- EPI-Finance 2000;

- SPI-Finance 2002;
- Australian stakeholder indicators;
- the Global Compact.

A diverse group representing key Australian stakeholders contributed their valuable time in initially

developing the Australian indicators and providing feedback on reporting indicators. We acknowledge their valuable contribution.

GENERAL	Indicator	Reporting Framework Reference					Page
		Global Reporting Initiative	SPI - Finance 2002	EPI - Finance 2000	Australian Stakeholder Indicator	Global Compact	
Vision & strategy	Chairman's & CEO's foreword	✓					2
	Vision and values	✓			✓		9
	Strategy	✓					9
	Link to CSR & sustainability	✓					9
Westpac profile	Name of the reporting entity	✓					8
	Major products & services	✓					8
	Countries of operation and importance	✓					8
	Markets served	✓					8
	Organisational scale	✓					8-9
Report scope	Reporting period	✓					contents
	Date of most recent previous report	✓					3
	Boundaries of report	✓					contents
	Significant changes since previous report	✓					3
Governance	Governance practices	✓					56-59
	CSR governance structure	✓					9, 79
	Market disclosure	✓					59
	Auditing and assurance	✓	✓		✓		58, 70
	Independent assurance and verification	✓					75-77
Corporate Social Responsibility (CSR) Management	CSR policy	✓	✓		✓		9
	CSR organisation	✓	✓		✓		9
	Internal & external audits	✓	✓		✓		70
	Management of sensitive issues	✓	✓		✓		10-11
	Stakeholder dialogue	✓	✓		✓		10
	Performance screening of suppliers	✓	✓	✓	✓		48-53
	Emerging issues	✓	✓		✓		10-11
	Verification statements	✓			✓		75-77
	Glossary	✓					78

Reporting Framework Reference

SOCIAL	Indicator	Reporting Framework Reference					Page
		Global Reporting Initiative	SPI - Finance 2002	EPI - Finance 2000	Australian Stakeholder Indicator	Global Compact	
Employee	Internal CSR policy	✓	✓		✓		16
	Employee turnover	✓	✓		✓		16-17, 62
	Employee morale	✓	✓		✓		16, 63
	Employee satisfaction	✓	✓		✓		63, 73, 74
	– work/life balance	✓	✓		✓		63, 73, 74
	– communication	✓	✓		✓		63, 73, 74
	– employee commitment	✓	✓		✓		63, 73, 74
	– training & development	✓	✓		✓		63, 73, 74
	– job security	✓	✓		✓		63, 73, 74
	Total salary & benefits	✓					20-21, 72
	Executive remuneration practices	✓	✓		✓		59
	Executive remuneration fostering sustainable development	✓	✓		✓		20
	Female-male salary ratio		✓		✓		62
	Workforce profile	✓	✓		✓	✓	17, 54-55, 62, 73
	Diversity & opportunity	✓	✓		✓	✓	12-15, 17-19, 54-55
	Performance evaluation		✓		✓		20
	Training & education	✓	✓		✓		19, 64, 73, 74
	Non-work aspects of career management		✓		✓		18-19, 64
	Workloads & staffing levels				✓		63-64
	Staff selection & contract				✓		18, 20-21
	Employee recruitment	✓	✓		✓		16-18, 62
	Occupational health & safety	✓			✓		21, 64
	Retail banking	Retail banking policy & practices	✓	✓		✓	
Customer Charter					✓		26
Transparency of fees & charges					✓		27-28, 65
Responsible lending					✓		11, 46-47, 65
Accessibility & availability of banking services		✓			✓		11, 27-28, 65
Regional infrastructure		✓			✓		22-25
Complaints resolution		✓			✓		27, 66
Complaint types		✓			✓		66, 74
Social safety net banking & affordability		✓	✓		✓		27-28

Reporting Framework Reference

SOCIAL	Indicator	Reporting Framework Reference					Page
		Global Reporting Initiative	SPI - Finance 2002	EPI - Finance 2000	Australian Stakeholder Indicator	Global Compact	
Retail banking	Improving accessibility for the disabled	✓			✓		27
	Consumer lending with a high social benefit		✓		✓		28
Business banking	Lending policy		✓		✓		28-29
	Lending profile		✓		✓		66, 74
	Lending with a high social benefit		✓		✓		67
Institutional banking	Lending policy		✓		✓		30
	Lending with a high social benefit		✓		✓		30, 67
	Third world debt				✓		30
	Global country profile		✓		✓		67
Asset management	Socially Responsible Investment (SRI)	✓	✓		✓		30-31
	Assets under management with a high social benefit	✓	✓		✓		30, 67
Insurance	Complaints – General insurance	✓	✓				67
	Complaints – Life and risk	✓	✓				67
Performance to society	Building social capital	✓	✓		✓		40-45, 70
	Enhancing financial literacy	✓	✓		✓		40-45, 70
	Aggregated contributions	✓	✓		✓		40-45, 70
Human rights	Human rights policy	✓				✓	45
	Indigenous rights	✓			✓	✓	45-47
	Supply chain	✓				✓	48-53
	Non-discrimination	✓			✓	✓	17-18, 45
	Freedom of association	✓			✓	✓	45
	Policy excluding child labour	✓				✓	45
	Policy excluding forced labour	✓				✓	45
Suppliers	Performance screening of suppliers	✓	✓	✓	✓	✓	48-53
	Cost of all goods, materials and services purchased	✓	✓				52
	Environmental screening	✓		✓	✓		48-53
	Human rights in procurement decisions	✓	✓			✓	48-53
	Supplier feedback		✓	✓			51

Reporting Framework Reference

ENVIRONMENT	Indicator	Reporting Framework Reference					Page
		Global Reporting Initiative	SPI - Finance 2002	EPI - Finance 2000	Australian Stakeholder Indicator	Global Compact	
Environmental performance	Environmental policy statement	✓		✓		✓	36
	Environmental governance	✓		✓		✓	36
	Environmental audits & reporting	✓		✓		✓	36-37, 70
Environmental KPIs	Energy consumption	✓		✓		✓	36, 68
	Paper consumption	✓		✓		✓	37, 68
	Water consumption	✓		✓		✓	37, 69
	Transport	✓		✓		✓	37, 69
	Total greenhouse emissions	✓		✓			36, 68
	Biodiversity	✓		✓		✓	37-38
Business banking	Total lendings			✓			69
	Lending with a high environmental benefit			✓			69
Institutional banking	Total lendings			✓			69
	Environmental screening			✓	✓	✓	69
	Lending with a high environmental benefit			✓	✓	✓	69
SRI policy	Policy statement			✓	✓		30
	Assets under green management			✓	✓	✓	69
	Stakeholder engagement overlay	✓		✓	✓		31
Suppliers	Performance screening of key suppliers	✓	✓	✓	✓	✓	48-53
ECONOMIC							
	Profit	✓					8, 71
	Earnings per share	✓					71
	Dividends	✓					71
	Return	✓					71
	Efficiency	✓					72
	Market price to NTA	✓					71
	Staff productivity	✓					72
	Profit by region	✓					72
	Assets by region	✓					72
	Operating income by key business unit	✓				✓	72
	Value generation	✓	✓				72
	Value distribution	✓	✓				72

Our business

Westpac was founded as the Bank of New South Wales in 1817, becoming the first company and the first bank to be established in Australia. The bank was subsequently incorporated in 1850 by an Act of the New South Wales Parliament. In 1982, we became Westpac Banking Corporation following a merger with the Commercial Bank of Australia.

OUR FOOTPRINT

Today we are a market leader throughout Australia, New Zealand and the Pacific region, providing a comprehensive range of banking and financial services. As at 30 September 2003, our Group-wide footprint was:

MARKET CAPITALISATION
(\$ BILLION)

NET PROFIT
(\$ BILLION)

TOTAL ASSETS
(\$ BILLION)

30

2.2

221

OUR DNA – VISION, MISSION AND VALUES

Our vision is to be a great Australasian company – a great place to work for our staff; a superior customer experience for our customers; first quartile returns for our shareholders; and a good corporate citizen in the community.

Our mission is to be a leader for customer service in our industry by September 2005.

We have three core values:

Teamwork – working together to achieve common goals

Integrity – acting honestly and doing what we say we will

Performance – being accountable and delivering superior results.

Our management model is to ensure that openness, customer focus and participative management are promoted at all levels and across all boundaries. It is a values driven model with clear accountabilities and performance linked rewards.

OUR BUSINESS STRATEGY

We seek to achieve our vision through a customer-focused strategy built on knowing and respecting our customers, understanding their needs, acting honestly, and consistently delivering.

We believe that superior execution of our strategy at all points in the service profit chain is the key to differentiating us from our competitors. By improving employee commitment, we can deliver a superior customer experience, which in turn will drive sustainable shareholder value.

Key to this is a high performance ethic built around quality people, effective processes and strong values.

This all comes together through the following strategic themes:

- creating a high performance culture in our workplace;
- superior customer experience and differentiating on customer service;
- balancing risk and reward;
- enhancing operational efficiency and infrastructure; and
- sustaining our leadership position in corporate reputation.

CORPORATE RESPONSIBILITY AND OUR BUSINESS

We see sustainability as an operating principle to maximise our economic, social and environmental value simultaneously. Sustainable development is the goal we are working towards.

That is, development which meets the needs of the present without compromising the ability of future generations to meet their own needs. Corporate responsibility is how we apply this principle in action.

For us, it means conducting our business so that we meet our economic, social and environmental responsibilities in an aligned way through a set of values and behaviours that underpin the company's everyday activities. It is about doing the right thing, behaving in a responsible, ethical, trustworthy manner, while acknowledging our major impact on society and accountability to our diverse stakeholders.

Our commitment to corporate responsibility is a simple one. We believe that by fully integrating corporate responsibility into the way we do business we are in a much stronger position to sustainably enhance shareholder value.

CUSTOMERS (MILLION)

7.7

EMPLOYEES

26,780

SHAREHOLDERS

212,587

The emerging agenda

Throughout 2003 a number of issues have surfaced through ongoing dialogue with stakeholder groups, feedback from our last report, and from our involvement in multilateral and bilateral dialogue and outreach initiatives. Our response is detailed below.



STAKEHOLDER DIALOGUE

Going forward, we are looking to enhance our framework for capturing the valuable feedback we gain through ongoing dialogue with peak organisations and with the community.

This underscores our commitment to stakeholder dialogue and the value we place upon it, and institutionalises the input of external stakeholders into key business decisions.

Two new standing advisory groups have been established. The first, the Community Consultative Council, comprises representatives from our key stakeholder groups, including government, community sectors, consumer advocacy, environmental, Indigenous and disability groups

and trade union representatives.

This Council meets on an annual basis at the CEO level, with ongoing dialogue at the practitioner level on specific issues and programs.

The second advisory group is the Internal Sustainability Council. This is a future-focused group of key internal influencers, charged with building the responsible business. It has responsibility for monitoring, supporting and endorsing relevant policy development across the group.

The Internal Sustainability Council will be supported by issue-specific groups to enable focus on four key areas – the workplace, suppliers, social issues and the environment. We aim to progressively establish the first three groups, and will be

expanding the focus of the existing Environmental Advisory Group to encompass the indirect impact of environmental issues for our business.

We will be reporting on our progress in establishing this framework in our next impact report.

Sitting across this framework, the Board Social Responsibility Committee continues to maintain Board-level stewardship of the responsibility and sustainability agenda.

WORKFORCE DEMOGRAPHICS

We have taken a leadership position in promoting business practices which address issues associated with workforce demographics. We recognise that the longer-term sustainability of our business is dependent upon establishing policies and practices which meet the changing needs of both our people and our customers.

While at present the net growth of Australia's working age population is 170,000 people each year, over the decade from 2020 to 2030 it is expected that it will grow by just 125,000 people. This equates to an average of just 12,500 additional people at working age to meet workforce demands each year.

In response, we have played a major role in the Ageing Workforce Symposium, organised by the National Seniors Association. We have also participated in a government inquiry into Participation in the Workforce and have helped to promote workplace practices which address issues associated with the impact of changing population demographics. And we're putting in place a number of initiatives to encourage people of diverse ages and backgrounds to enter the Westpac workforce.

In brief we have sought to:

- tap into valuable new sources of employees, in the face of changing workforce demographics, with a particular focus on mature-aged workers; and
- respond better to meet the needs of mature-aged customers, many of whom prefer to discuss their financial affairs with people of similar life experience.

Our initiatives are detailed in our case study in the Employees section of this report.

FINANCIAL INCLUSION

People expect things of a bank that they do not expect of other companies, particularly when it comes to one of the fundamentals of life – managing money. By capitalising on the skills of our staff and the opportunities presented by our business channels, we feel that this is an area where we are best able to play our part in building social capital in the community.

That is why we have put in place a number of interlocking initiatives to address the financial needs of those living on the margin. This includes: financial literacy programs and educational modules; banking services for low income and vulnerable members of society; 'Beyond Survival' business management training for small business, Indigenous, community and not-for-profit organisations and many more. These are detailed within our case study in the 'Social' section of this report.

INFORMATION SECURITY

Keeping offices and information secure is a significant and increasing challenge for all organisations around the world. We're continually exposed to a wide variety of security risks and threats to the integrity, confidentiality or availability of our information and systems at any time.

For our customers, fraudulent emails, computer viruses and trojan infections have become quite a serious problem. Not only are attacks increasing in volume, fraudsters are trying new ways of obtaining the personal details of our online customers and attempting to use the information to access their funds. These attacks are aimed at customers and their computers rather than at Westpac but they potentially jeopardise our levels of service, the customer experience and our corporate reputation.

The key to managing these risks is for us and our customers to understand and adopt better security practices. Not only do we need to continually enhance and upgrade our security measures, we also need to educate our customers so that they can take steps to protect themselves against fraud.

Our response has been to launch a security segment on our website to provide customers with ongoing tips and information sources for protecting their security. This includes security alerts, an Internet security checklist, information on how our customers can protect themselves and general banking safety tips. Details are available on our website @ www.westpac.com.au under the 'Westpac info' tab.

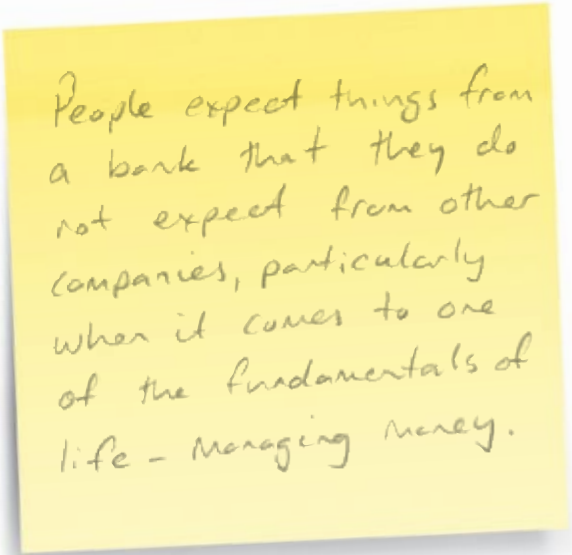
In 2004, our Information Security Group will also launch a new staff communications campaign, aimed at increasing awareness among staff on their role and responsibilities in maintaining Westpac's security.

WATER REFORM

Australia is the driest continent on earth, and the question of how we manage our water resources has emerged in recent years as a question of critical importance. We are involved in the water debate in Australia in a number of areas. Principally, we have participated in government and business dialogue on how changes to state regulatory frameworks should be managed in recent moves to separate land and water access rights, as well as the move towards a national water framework in Australia.

In August 2003, Westpac Chairman Leon Davis was asked to chair the Business Roundtable on Sustainable Development, co-convened by the Minister for the Environment and Heritage and the Minister for Industry, Tourism and Resources. At the first meeting of the Roundtable, which includes representatives from key industry sectors, water reform was identified as a key issue.

Information on what we are doing to manage Westpac's water consumption is included within the Environment section of this report.



People expect things from a bank that they do not expect from other companies, particularly when it comes to one of the fundamentals of life - Managing money.

Forget the gold watch

In just 20 years, the Australian population aged between 15 and 64 will flatten out and then start declining. This is a big change from the current growth of 170,000 per year. That's why Australia's biggest economic challenge over the next 40 years will be to get many more people of working age into the workforce and to keep them there. And as one of Australia's largest employers it is also one of our greatest challenges.



For the next 40 years, our principal economic challenge will be the labour participation rate. What proportion of Australians want to work, will want to remain in the workforce and will be persuaded to stay in the workforce beyond the currently accepted retirement age.

Today the working age population in Australia (15 to 64 year olds) increases by 170,000 people per year. Based on current demographic projections, for the entire decade of the 2020s the working age population will grow by only 125,000 – that’s just 12,500 people a year in less than 20 years time.

WESTPAC’S PERSPECTIVE

Westpac’s perspective is that the employment and retention of mature age workers is so compelling that this is not an issue of why, but simply how many and how quickly.

In 2002, we publicly committed to hiring 900 mature age workers over a three-year period, and are now actively hiring new recruits aged 46-55. Against this target, we have recruited 386 mature age staff as at 30 September 2003.

Recruiting has primarily occurred in our contact centres in Perth, Brisbane and Adelaide. We are also focusing on our branches, financial planners and advisers. Last year, Westpac partnered with our primary recruitment provider Hudson to recruit for our contact centre in Joondalup in Western Australia. As a result, 50% of employees are over 35, 30% are older than 45 and less than 25% are under 25 years old. This is very different to our other contact centres where on average 31% of staff are over 35 and 14% are over 45 years old.

We have taken a similar approach for our new contact centre in Brisbane. Many mature age workers are passive job seekers and do not look at vacant positions in newspapers. Consequently we publicised an ‘open day’ in the general media. In the end five Open Day sessions were held for 240 visitors, indicating that there is strong interest in the community for this type of approach.

We are also focused on putting in place the right retention strategies. However, we have found that there are barriers, or perceived barriers, to mature aged workers staying in or returning to the workforce.

MANY MATURE AGE WORKERS WANT TO RETIRE OR AT LEAST WIND BACK

Most people think about retirement, plan for it and look forward to it. With the ageing of the workforce this will result in increasingly large rates of natural attrition. To counter this both employers and employees need to be more flexible.

There is a need to offer better alternatives to retiring at 55 and also a need to work on flexible work practices that mature age workers will find attractive.

This has included contributing to policy development and encouraging older people to stay on and work part-time, while being able to draw down their superannuation entitlements.

CHALLENGES IN MANAGING A CROSS-GENERATIONAL WORKFORCE

Our workforce ranges from the Veterans (over 55) to the Baby Boomers (36-54), Generation X (23-35) and Generation Y (born post 1980). Four generations with different approaches to employment, families and their personal lives.

It is important to recognise that the workplace of the future will have mature age workers reporting to people in their mid-30s and that will be challenging to them both. This is directly related to expectation management.

Our customer base and our pool for employees are ageing. However, when we analysed our own workforce profile, we found that:

- 49% of Westpac’s customers are aged 45 years or more but only 20% of frontline people match this age profile.
- Australian Bureau of Statistics labour force projections indicate that 80% of future workforce growth in the next decade will be in age groups over 45 years of age, yet only 7.5% of our recruits in frontline positions are in that age group.
- Only 3% of Westpac’s people are aged over 55 years.

Often mature age workers have held senior management and leadership positions and often the roles being offered do not involve the same levels of authority and autonomy. Add to that having younger workers in leadership positions and you have a volatile mix. This situation requires proper communication and clear understanding of roles and accountability. We have incorporated these issues into our leadership training for first time people leaders in changing their mindset about how they manage people with diverse backgrounds and needs.

STEREOTYPING

One of the most significant barriers to increasing the diversity of our workforce is stereotyping – from everyone – younger about older, older about younger. Stereotyping of mature age workers often includes attitudes such as taking too long to learn new tasks, that they don't like change, they can't use computers, they are set in their ways, they get sick more often and they will not take instructions from anyone younger.

On the other hand, some mature aged workers have similar stereotypical views about younger workers, such as they have never done it tough, they don't understand the importance of a good education, they only live for today and they don't save.

Research shows that mature age women in particular face barriers to employment due to perceived characteristics associated with their shorter and sometimes disrupted work histories. Often support is needed for women if they have been out of the workforce for some time to assist with confidence and self-esteem and encourage a realistic self-evaluation of skills.

We currently have research underway with Deakin University to better understand our people's attitudes towards mature age workers.

TRAINING OR RETRAINING OF MATURE AGED WORKERS

There are suggestions that mature age workers are reluctant to undertake training. We have found that appropriately designed training is effective, particularly in focusing on upgrading existing skills. In addition, we have found that traditional modes of learning are not appropriate for the older demographic. Classrooms are not particularly compelling environments for people who left them behind 20 years before. For that reason Westpac is focusing on learning that is individually designed, where the trainee decides how they want to receive learning.

RAISING AWARENESS IN THE COMMUNITY

Overall, we are also working to actively assist the wider community by providing information on our experience whenever possible. We do this through forums such as the Ageless Workforce Symposium, convened by the National Seniors Association, and the launch of the Federal Government's 'Mature Age Workers Month' at which we presented Westpac's perspective on Australia's Changing Workforce. We will continue to work with other organisations and government agencies to promote more inclusive workplaces.

Ultimately, Westpac continues to aspire to attract the people who are most closely aligned to our organisation's values and its aspirations – whoever those people may be. To do this we must remove cultural and process barriers that create bias against older workers, working parents and other 'working age' groups.

We do this not only because it is a core component of our broader social and environmental responsibilities but also because having aligned people committing their full discretionary effort to Westpac will give us a competitive advantage. ●

Edith Nelson
Customer Relationship Consultant

Westpac

Brisbane Contact Centre
33 Corporate Drive
Cannon Hill
Brisbane, QLD 4170
Telephone: 07 3906 0432
www.westpac.com.au

— me

I have managed a home children, a husband aging parents a mortgage a credit card insurance and two dogs. We've gone through the normal struggles and now I'm back in the workforce, alongside 20 year olds just starting out. The big surprise for me has been how quickly I've become part of it again, and the part my life experience has played in understanding what customers really want.

Employees

PROGRESS REPORT		
PROGRESS AGAINST 2003 OBJECTIVES AND TARGETS		
OBJECTIVES	COMMENTS	
Undertake a voluntary diversity census to better understand levels of ethnicity and disability of our workforce.	Approximately 1,900 staff responded, representing around 9% of the total workforce.	✓
Better align the age, gender and diversity of our workforce to the broader Australian community.	Several initiatives are currently underway to address issues of diversity within the Westpac workforce, including programs around changing workforce demographics, disability, diversity and gender.	In progress
Support a high performance culture for our staff through the launch of the Westpac Academy.	The Westpac Academy was launched in February 2003.	✓
ASPIRATION TARGETS	COMMENTS	
Increase employee commitment by at least 5% by September 2003.	Employee commitment remained unchanged on 65 at the end of the reporting period.	X
Recruit up to 900 mature age staff by 2005.	Progress to date indicates that Westpac is tracking well against this target, with 386 mature age people recruited.	In progress
Decrease employee turnover by 5% by September 2003.	Employee turnover has decreased from 18.5% to 16%.	✓

HIGH PERFORMANCE CULTURE

Explicit within the Westpac DNA is a significant focus on our people as key enablers of our vision, mission and strategy. Consistent with this, creating a high performance culture for our people is a critical aspect of our business strategy to become the number one organisation for customer service within our industry.

Group-wide initiatives underway are designed to drive us closer to a high performance culture. Current programs are designed to embed the required values and cultural change as well as to provide our staff with the appropriate tools and frameworks to support their growth and development.

Looking forward to our key priorities for 2004 to 2006, we will be focusing on enhancing our employee value proposition, succession and career management, e-enabling our systems and processes, planning for the workforce of the future, and strengthening leadership skills.

EMPLOYEE COMMITMENT

Increasing employee commitment is a cornerstone of our customer-focused business strategy in having highly committed and motivated employees who share Westpac's core values. That's why, in 2003, one of Westpac's Core Group Objectives was to increase employee commitment by at least 5%. Within the reporting period, employee commitment remained static on 65%. At this level we expect further improvements to be incremental.

Nonetheless we are again aiming to increase employee commitment by 5% in 2004.

Employee commitment is measured by International Survey Research (ISR), an independent global survey firm specialising in customised employee opinion and attitude surveys. Some 84% of employees chose to respond to the 2003 survey, up from 76% in 2002. Around 55% of employees believe that management will directly act on issues identified.

EMPLOYEE TURNOVER

Within the reporting period, we have decreased employee turnover from 18.5% to 16%, exceeding our target of a 5%, or 0.925 percentage points, reduction.

As outlined in our last report, we have established a standardised exit interview process to better understand what factors contribute to a decision to leave Westpac. This includes a standard set of questions which can either be completed anonymously through our staff Intranet, or in consultation with a member of our human resources team.

During the reporting period, only 23% of employees resigning from Westpac completed the interview process. In 2004, we will be reviewing how we can increase employee participation and, in particular, will be looking to promote greater awareness among employees of the Exit Interview Process.

WORKFORCE PROFILE

Our objective is to provide a workforce and work environment that reflects the diversity of our customer base by providing a positive and compelling employment experience for people of all ages and backgrounds.

Within Australia, we employ 14,864 full-time and 6,636 part-time employees and 177 employees in temporary positions.

WORKFORCE DEMOGRAPHICS

As detailed within our employee case study, Westpac is looking to take a leadership position in promoting business practices which address workforce demographics. This is founded in a recognition that the longer-term sustainability of our business is dependent upon establishing workforce policies and practices which meet the changing needs of both our people and the community more broadly, while creating a genuine meritocracy.

GENDER

We continue to increase the proportion of women in management positions to 39.2% as at 30 September 2003, up from 35.7% in 2002.

Westpac has achieved Best Practice for driving equitable work practices and was again recognised as an 'EOWA Employer of Choice for Women' in 2003 by the Equal Opportunity for Women in the Workplace Agency (EOWA). Approximately 3,000 organisations in Australia are required to report to this government agency, with only 114 awarded this citation.

During the reporting period, we also worked with the Australian Council of Trade Unions in supporting the ICFTU 8th World Women's Conference, where we were able to promote the business benefits arising from the provision of family friendly workplace practices.

ETHNICITY AND DISABILITY

In 2003, we reviewed our performance against the objectives listed in our Disability Discrimination Action Plan (DDA) launched in 2001. The April 2003 Progress Report demonstrated that we have fully achieved 80% of all actions detailed within the DDA, and partially achieved many others. We are now in the process of developing a new disability plan specifically to tackle the remaining 20% of outstanding issues. Some of the areas for continued attention include further articulating strategies, enhancing coverage in training, continuing technological improvements and upgrading premises.

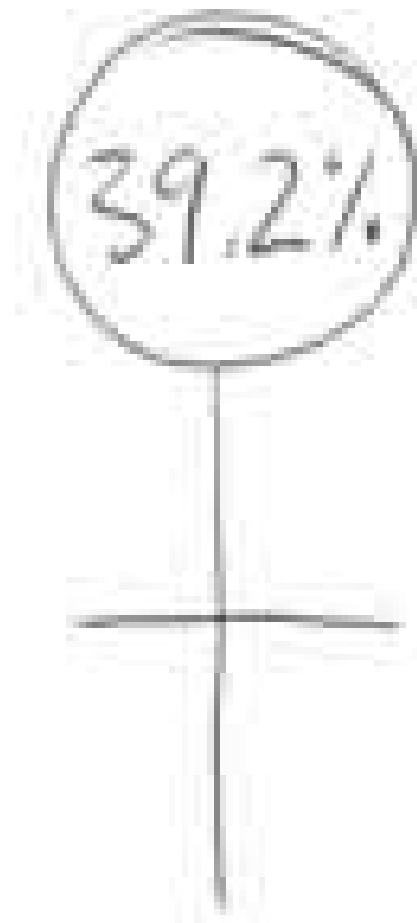
Two of the key goals of the DDA were to enhance disability awareness within Westpac and to increase employment opportunities for people with a disability. Throughout the two years that the DDA has been in place, over 50 people with a disability have been employed in various positions throughout the organisation nationally.

Policies and procedures relating specifically to people with a disability have been included in Westpac's Employee Guidelines and Recruitment Resources Centre. Westpac has also increased awareness among our preferred recruitment providers by including criteria into the tendering process on their ability to integrate people with a disability into recruitment activities performed on our behalf.

We employ 14,864 full-time and 6,636 part-time employees and 177 employees are in temporary positions.

Within the reporting period, we have decreased employee turnover from 18.5% to 16%, exceeding our target of a 5%, or 0.925 percentage points, reduction.

We continued to increase the proportion of women in management positions to 39.2% as at 30 September 2003, up from 35.7% in 2002.



Anecdotal evidence suggests that relationships which have developed between our preferred recruitment provider and specialist disability recruitment agencies have also resulted in potential placements for people with disabilities within other client organisations.

Westpac has worked closely with the Commonwealth Rehabilitation Service (CRS) to establish guidelines for working with large private sector organisations such as ourselves, and has been an active contributor to government discussions on improving the infrastructure of the Special Employment Placement Officer (SEPO) Program. In July 2003, Westpac CEO David Morgan also spoke at the launch of the employment charter for Employers Making a Difference, a specialist organisation with whom we work closely. Awareness of disability issues and our commitment to employing people with disabilities has also been promoted internally through employee communications and face-to-face presentations.

Both the 2001 DDA and our Progress Report against the DDA are available on our website @ www.westpac.com.au under the 'Westpac info' tab. Further information on initiatives undertaken to increase access to financial and banking services for customers with a disability are detailed within the Customers section of this report.

In our 2003 Social Impact Report, we committed to undertaking a voluntary diversity census, to better understand levels of disability and ethnicity in our workforce.

Approximately 1,900 employees chose to respond to the voluntary survey, representing around 9% of our workforce. The results have provided an important snapshot of the Westpac workforce. In line with strategic workforce planning being undertaken around the age and gender of our workforce, we will be looking to undertake ongoing research on diversity in our workforce by including diversity and ethnicity in our Staff Perspective Survey.

We also continue to work to increase the level of Indigenous people employed within our organisation. We are currently exploring ways to track the employment and retention of Indigenous Australians, as well as other diversity groups, in a way which does not contravene privacy and other legislation in Australia. We have also consulted with other large organisations who have successfully increased the number of Indigenous Australians employed within their companies, to better understand what initiatives we can put in place, but direct employment remains a challenge for us at this stage.

GRADUATE RECRUITMENT

We have an extensive graduate recruitment program in place, providing opportunities for graduate students across all major areas of our business. We received 5,298 applications for our graduate intake program and provided positions for 91 new graduates. This was up from 56 positions last year, while the total number of applications was down from 7,159. Significantly, we have retained 87% of the 2002 graduate intake and 92% of the 2003 graduate intake.

WORK AND LIFE BALANCE

Our workplace practices are designed to accommodate the varied personal circumstances in which our employees work and live. Work and family policies and benefits include six weeks paid maternity, paternity and adoption leave; a process of mutual negotiation of work hours for part-time or job share arrangements; the Better Life and Work information service; and child care facilities and assistance across Australia for the use of Westpac employees.



In response to employee feedback within the Westpac Institutional Bank (WIB), the Diversity and Work Life Advisory Council launched its Work/Life Balance workshops for WIB employees in Australia and New Zealand. Following the workshop, participants were surveyed with three-quarters of employees finding them useful and 44% having taken positive action as a result of the workshop.

In 2004, we will be undertaking a Childcare Survey, involving all employees, to ensure appropriate planning around initiatives to support workplace childcare facilities. This survey will ask employees to give their feedback on what childcare services they need now and into the future. The results will be detailed in our next report.

TRAINING, LEARNING AND DEVELOPMENT

Feedback gathered in our 2002 Staff Perspectives Survey indicated that Westpac employees wanted more effective training, learning and development systems and modules. In response, we launched the Westpac Academy.

The three primary objectives of the Westpac Academy are, to:

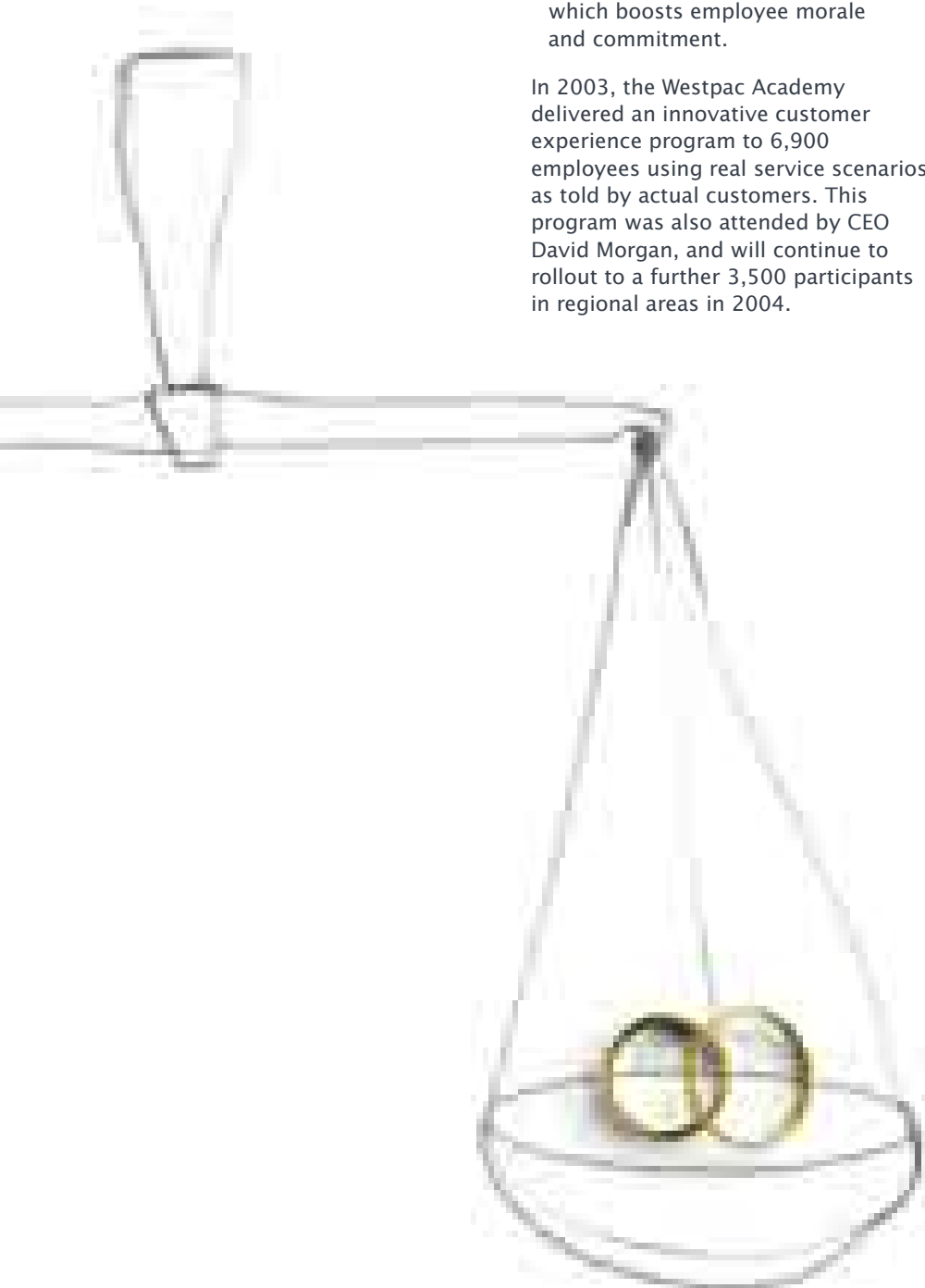
- develop a strategic framework for all learning at Westpac which can be deployed faster and more effectively;
- deliver a better service experience by introducing new ways of developing knowledge, skills and behavioural change within our people; and
- create a learning environment which boosts employee morale and commitment.

In 2003, the Westpac Academy delivered an innovative customer experience program to 6,900 employees using real service scenarios as told by actual customers. This program was also attended by CEO David Morgan, and will continue to rollout to a further 3,500 participants in regional areas in 2004.

In 2004, we will be undertaking a Childcare Survey involving all employees, to ensure appropriate planning around initiatives to support workplace childcare facilities.

To provide even greater access to learning, we are implementing phase one of a multimedia network for 14,000 employees in May 2004.

Our workplace practices are designed to accommodate the varied personal circumstances in which our employees work and live.



To provide even greater access to learning, we are implementing phase one of a multimedia network for 14,000 employees in May 2004. This network will allow employees to learn online at their own pace and toward qualifications related to their job. In 2004, we will also be placing renewed emphasis on leadership within the organisation, through the development and rollout of a Leadership at Westpac program for all people leaders.

We have also supported our employees in pursuing external qualifications. During the reporting period, 654 employees undertook further tertiary study to a total cost of \$1.7 million. In 2004, over 5,000 employees are expected to receive Certificates of Attainment from the Securities Institute of Australia.

PERFORMANCE AND EVALUATION

Our performance and evaluation approach is structured to ensure that the Board Strategy Review, Annual Performance Review and Performance Management processes are linked to deliver on both our short and long-term strategic goals across all stakeholder groups. This linkage enables both the individual employee and their team to translate business strategy into individual and cross-functional performance criteria which is aligned across the organisation.

Our Value Management Framework is aimed at rewarding people for creating long-term sustainable value. The framework is based on understanding performance expectations and communicating performance and plans focused on key value drivers.

There are five phases to the Value Management process – objective setting, determining coverage, development of scorecards, communication, and performance review.

BALANCED SCORECARD

Our employee performance processes are based on merit and structured around a balanced scorecard system of shareholders, employees, customers and community objectives. In line with Westpac's strategy of embedding corporate responsibility within the everyday functioning of the business, in 2003 the 'community' quadrant of the balanced scorecard was expanded to encompass the broader 'corporate responsibility' agenda.

This is not to diminish the importance of our strong culture around community involvement but rather to see it correctly positioned as part of our total responsibility approach.

In 2003, objectives within the Corporate Responsibility quadrant were set for the first time. Our approach has been to provide guidance across the organisation in setting targets and objectives within the corporate responsibility quadrant which can be reported on externally through reports such as this one, as well as through independent sustainability rating agencies. This included increased education within Westpac on how to incorporate social, ethical and environmental considerations into their individual and team performance, and more broadly on what it means for everyone within the bank.

In doing so we have recognised that organisational capability around corporate responsibility can only be built over time and only through direct ownership of the total responsibility mindset by each and every employee. Already we have begun to see the demonstrable impact of integrating social, ethical and environmental considerations into the balanced scorecard and will be reviewing progress in future reports.

REMUNERATION FOSTERING SUSTAINABILITY

Westpac remuneration policy is structured to reflect the values and direction of the company and to be fair and consistent in the way it is delivered to all employees.

We regularly review and improve our remuneration and benefits practices to better reflect the needs of our staff and the workplace. Further information on our remuneration framework is reported in the Corporate Governance section of our Concise Annual Report, and is available on our website @ www.westpac.com.au under the 'Westpac info' tab.

In addition to our Value Management Framework and our balanced scorecard system, the Employee Share Plan has been established to create a stronger link between employee performance and increased shareholder value. We believe that the underlying motivation in promoting a longer-term perspective of performance is consistent with fostering sustainability.

It also enables employees to have a greater involvement with, and share in, the future growth and profitability of Westpac. In 2003, a total of 18,171 applications were received, representing 96% of eligible employees. Group performance targets were met and shares were allocated free of charge under the Plan in December 2003 at a market share price of \$15.53, equating to 64 shares per participant.

WESTPAC ENTERPRISE DEVELOPMENT AGREEMENT

In the second half of 2004, we will be embarking upon the extensive consultation we undertake as part of the renegotiation of our Enterprise Development Agreement (EDA). In renegotiating our EDA we have a formal consultation process with our employees, and with the Financial Services Union.

Westpac employees in Australia are covered by the Westpac Employees Award 1998 and are also covered by one of 12 certified agreements, or EDAs. All Westpac employees, regardless of union membership, are entitled to vote on the outcome of the EDA that is relevant to them. Once our EDA has the genuine approval of the majority of employees who would be covered by it (50% of employees plus one) it then goes to the Australian Industrial Relations Commission for certification.

We believe involving our employees and union representatives throughout the two-year negotiation process for our current EDA was definitely a contributing factor in achieving an 88% approval vote from our employees in the final vote.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

We recognise that the OHS issues inherent within a financial institution of our nature include a number of interlinked issues. Consequently, we measure our OHS performance against a number of indicators. As stated in our last report, our target was to decrease our Lost Time Injury Frequency Rate (LTFR) by 5%. We achieved this target, reducing our LTFR rate to 6.54. This rate is calculated under the definitions of the Australian Standard:1885.1 – 1990, whereby commuting claims are no longer included.

Our Critical Incident Management Program provides assistance to employees requiring counselling after a traumatic event, such as a hold-up. In 2003, the number of employees affected by a trauma and requiring debriefing dropped from approximately 3.5% in 2002 to 1.7%. In the 12 months to September 2003, two groups of about 50 employees received assistance following the Canberra bushfires and the Bali bombing.

Employee satisfaction that OHS issues were effectively managed rose from 76% to 78% in the 2003 Staff Perspectives Survey. The number of employees using ACCESS, our employee assistance program, also rose from 5.5% to 6.7%.

The main elements of our Occupational Health and Safety Management System (OHSMS) include management commitment, consultation and communication, training, risk management, document control and evaluation. In 2004, we will continue to improve and maintain our OHS system. We have also introduced an internal OHS audit system to check and improve OHS compliance. In the 12 months to September 2003, 25 OHS audits were carried out nationally in different areas of the bank.

TO DO – 2004

OBJECTIVES

- Undertake Childcare Survey of all employees to support initiatives for nationwide workplace childcare facilities.
- Development and rollout of Leadership at Westpac program.
- Continue to embed corporate responsibility objectives through the balanced scorecard.
- Review organisational OHS effectiveness, including targets and objectives for reducing injury occurrence and responding to employees' OHS issues.
- Recruit up to 900 mature age employees by 2005.

ASPIRATION TARGET

- Increase employee commitment by at least 5% by September 2004.

Staying put

Back in 1998, we became the first bank to publicly commit to keeping face-to-face transactional banking in every country town where we had a presence. Six years on, we've found that we would never have been able to predict the success nor the many different ways in which our community 'in-store' branch model has been adapted to meet the diverse needs of rural and regional towns across Australia.

JIMBOOMBA
Population: 1,300

BREAKING THE VICIOUS CYCLE

In the mid-1990s, banks were widely viewed as a major contributor to the vicious cycle of declining rural and regional services. With rural branch closures attracting growing public hostility, we knew the past practice of closing commercially non-viable branches was not sustainable. As a result, in 1998 we took the lead in publicly committing to keeping our face-to-face banking services in every country town where we already had a presence.

In doing so, we committed ourselves to developing a new way to deliver banking in the bush. We had to find an innovative way to make our rural and regional branch services sustainable while also boosting the viability of the regional and rural communities themselves. And that meant finding a way to substantially reduce the cost of providing these face-to-face services.

A COMMUNITY 'IN-STORE' SOLUTION

Our solution was to partner with existing businesses in the towns and in effect move our branches into their stores.

Our community 'in-store' branches, as we prefer to call them, are jointly owned, operated and staffed with a local business partner. The 'in-stores' provide face-to-face personal and business customer services, telephone banking access, help in opening new accounts and access to mobile lending and investment specialists. In taking this innovative approach, we have also had to face some significant challenges in finding new ways to resolve traditional banking issues such as security and privacy. We have had to adapt our typical branch design to ensure that the same level of personal security is maintained for all employees working within 'in-store' facilities. We have also had to work hard to ensure that the privacy of our customers is maintained at all times – something which can be especially important if you are living in a small country town.

MANY TYPES AND PARTNERSHIPS

Starting out, we thought that 'in-stores' would be established primarily within an existing local agency such as a chemist, general store or newsagency. In other cases, the business proprietor might relocate to within the former Westpac branch allowing country towns to maintain what were often heritage buildings and what many see as an integral part of the high street.

But as we've seen, 'in-store' community partnerships can be established anywhere, with anyone and under a myriad of different circumstances.

We established one of the very first 'in-stores' in Triabunna in Tasmania. This 'in-store' operates in partnership with the Tasmanian State Government and its 'Services Tasmania' initiative, offering access to almost 200 government services.

In Wagin in Western Australia, the Local Shire have leased our former branch premises at a peppercorn rental of \$1 per year and have established a Telecentre, incorporating an 'in-store' facility. The local Shire are themselves the proprietor of our 'in-store' facility.

The local Council have also become the proprietor of a Westpac 'in-store' in Wilcannia in New South Wales, where Westpac leases both the bank premises and the former bank residence to the Council for a peppercorn rental of \$2 per year. They have subsequently relocated some of their council offices within the former branch.

In Leitchville, Victoria, the local community approached Westpac to purchase the former bank premises. The community only had \$10,000 to invest so we agreed to make the sale for that amount. The community has subsequently established a Rural Transaction Centre with government funding, including one of our 'in-stores'.

In Dunedoo in New South Wales, the local Council now operates a library, meeting room, playgroup, Business Development Group, as well as an 'in-store' within the former branch premises.

- Our rural and regional footprint reaches far and wide.
- Presently we have 182 'in-stores' across Australia.
- Our in-store branch network completes over half a million transactions per month.
- We established one of the very first 'in-stores' in Triabunna in Tasmania.
- We have one million customers in regional Australia.
- \$22 billion in committed loans to regional Australia.

EXPANSION

Presently we have 182 'in-stores' across Australia and our 'in-store' branch network completes over half a million transactions per month.

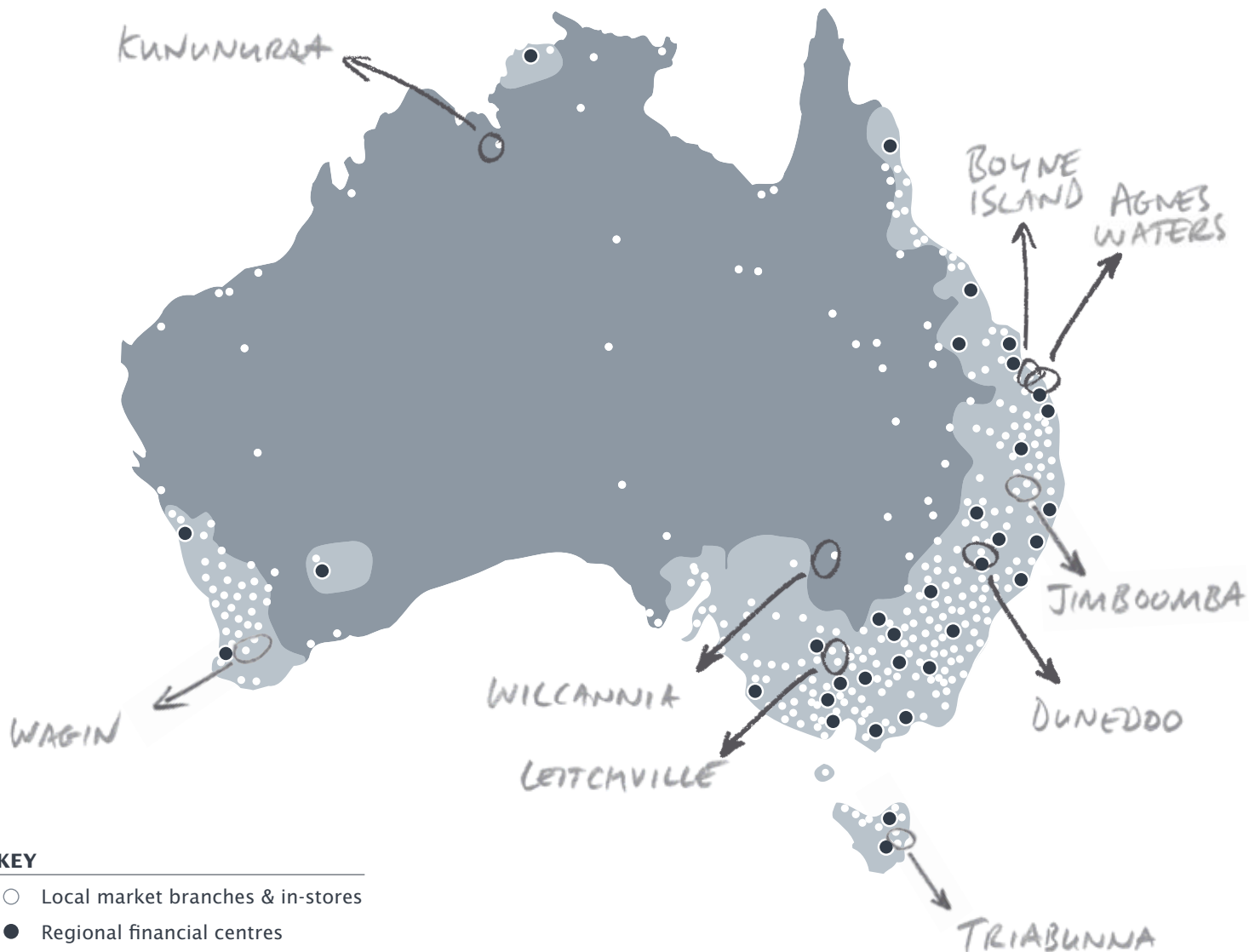
Our 'in-store' model has also allowed us to open facilities in a number of new locations. For example, we have established new 'in-store' partnerships in towns such as Jimboomba, Agnes Waters and Boyne Island in Queensland and Kununurra in Western Australia, where Westpac had not previously been represented.

To ensure that our 'in-store' community partnership framework is operating effectively, we have established an 'in-store' National Advisory Council (NAC). The NAC consists of seven 'in-store' proprietors, representing each State and Territory, who meet quarterly with senior Westpac staff to discuss issues affecting the operation of joint services. The NAC also considers any proposals to improve service levels within 'in-stores', as well as the value of these local community business partnerships.

After five years of operation, we believe that our 'in-store' approach has helped to ensure not just the longer-term sustainability of our business operations in rural and regional communities but also to keep Australian country towns socially and economically dynamic well into the future.

Westpac has been present in regional Australia for almost 200 years. In fact, our first deposit was lodged in 1817 by a Sergeant based at Cox River guarding rural properties along the road to Bathurst, while the first two loans we issued were related to farm finance.

As such, we are determined that Westpac will be in Australian country towns for the next 200 years. ●



- KEY**
- Local market branches & in-stores
 - Regional financial centres
 - Remote/very remote area*
 - Accessible area

* Source: Accessibility/Remoteness index of Australia (ARIA).

Customers

PROGRESS REPORT	
PROGRESS AGAINST 2003 OBJECTIVES AND TARGETS	
OBJECTIVES	COMMENTS
Expand branch opening hours, including Saturday trading, at high traffic times and locations.	The program to extend working hours in a number of select locations rolled out in 2002/03. ✓
Upgrade access for people with disabilities at branches to agreed standards.	Disability access requirements have been built into standard procedures for the progressive refurbishment of branches to agreed standards.
Enhance industry-specialised solutions for small and medium sized businesses.	In addition to standard workshops, Beyond Survival was provided free of charge in drought affected areas, benefiting 91 participants in WA and 23 in Victoria. ✓
Review and update the Personal Customer Charter.	This matter has not been substantially addressed, although the Charter is currently on the agenda of the Customer Committee. <i>In progress</i>
ASPIRATION TARGETS	COMMENTS
Increase customer satisfaction by at least 5% by September 2003.	Results across the different segments were positive but mixed, with Small to Medium Enterprises (SME) satisfaction up 6.4% and consumer satisfaction up 2.5%. <i>In progress</i>

CUSTOMER SERVICE MISSION

In our 2002 Concise Annual Report, we announced our Customer Service Mission, to be number one for service in our industry by 2005. This means delivering on our Customer Principles:

- knowing and respecting our customers;
- understanding our customers' needs and offering our best solution;
- delivering on what we promise – ask once;
- working to build great relationships with our customers, business partners and the community; and
- acting honestly and complying with all regulations.

Our strategy for putting these principles into practice lies in the Service Profit Chain, as detailed within the Westpac DNA. The Service Profit Chain establishes the relationship between our workplace practices and employee commitment, customer satisfaction and loyalty, and profitability and value creation.

This approach to improving the customer experience is delivering tangible results. As at 30 September 2003, we had increased consumer satisfaction to 65.2%, a rise of 2.5%, and SME satisfaction had risen 6.4% to 58.5%.

More information on our early progress against the Customer Mission is detailed within our 2003 Concise Annual Report, available on our website @ www.westpac.com.au under the 'Westpac info' tab.

CUSTOMER CHARTER PERFORMANCE

Our Personal Customer Charter sets out the service commitments we make to our customers. We report annually against the Charter, and our performance in the reporting period is available in full on our website.

In our last Social Impact Report, we committed to review and update the Personal Customer Charter. This was not achieved during the reporting period, although review of the Personal Customer Charter is progressing under the auspices of our Customer Committee and we expect to have it completed by our next report.

CUSTOMER COMPLAINTS

Feedback captured in our 2003 Complaints Culture Research Project told us that 'the better an organisation is at dealing with complaints, the better an organisation will be'. Our aim is to resolve 80% of all customer complaints within five working days. Our average over the reporting period was 78%, however, as at 30 September 2003, 83% of all complaints were being resolved within that timeframe. We have also increased the total number of complaints logged and tracked by 16%, primarily because we have provided two new channels for capturing customer dissatisfaction.

Our complaints management process is designed to encourage staff to take ownership for complaints at all entry points. They are supported by the Complaints Online Tracking System once complaints are escalated. We also check back to see how satisfied customers were with how we handled their complaint, through our Post Complaint Survey.

Westpac is also a member of the following external dispute resolution schemes:

- Banking and Financial Services Ombudsman;
- Financial Industry Complaints Service;
- Insurance Enquiries and Complaints Limited; and
- Superannuation Complaints Tribunal.

Customers who do not have their complaint satisfactorily resolved by our usual processes are referred to our Customer Advocate as a final internal option. The Customer Advocate has the authority of the bank to make the final decision on complaint resolution, including possible compensation to a customer. The Customer Advocate also sits on our Customer Committee. In 2004, we plan to expand the role and resources of the Customer Advocate, allowing them to take a more active role in representing customers within the bank.

The Customer Committee meets monthly and is chaired by Dr Simon Longstaff, Executive Director of the St James Ethics Centre.

The Committee reviews steps taken to respond to customer expectations and needs and the effectiveness of complaints handling.

EQUITY AND ACCESS

We have grown our total number of branches from 806 to 812 since our last report (not including our 14 Business Centres, which also provide a branch level of service).

We have continued to open more branches on Saturdays and Thursday nights. At the end of the reporting period, we had 147 branches open on a Saturday and 15 branches open on Thursday nights. We also open early on pension days in certain branches, to assist elderly customers looking to collect their pension.

We are now looking to begin Saturday trading in Western Australia, pending changes in State legislation. Information on which branches are open for extended hours is available on our website @ www.westpac.com.au, under the 'Westpac info' tab.

IMPROVING ACCESS FOR PEOPLE WITH A DISABILITY

As part of our Disability Discrimination Action Plan (DDA) we continue to improve access in our branches for customers with a disability.

During 2003 a range of branch refurbishments were undertaken to improve disability access. Full refurbishments, which are DDA compliant, were undertaken at:

- NSW – King St in Sydney, Pennant Hills, Gosford, Norwest, Double Bay, Campsie, Fairfield and Kings Cross;
- VIC – Watergardens Shopping Centre;
- QLD – Surfers Paradise, Geebung, Arundel Plaza, Northlakes Shopping Centre; and
- WA – Whitford City Shopping Centre.

Minor works to improve disability access were also undertaken at the following branches:

- ACT – Fyshwick;
- NSW – Kogarah, Leura;
- VIC – William St Melbourne, Balwyn, Boronia, Ringwood and Beaumaris;
- WA – Osbourne Park, Bunbury;
- TAS – Devonport.

In 2004, we will audit our branch network specifically to identify what we need to do to further improve disability access for customers and staff. As a result of this audit, we envisage undertaking works at some 250 sites nationally during 2004.

FINANCIAL INCLUSION

We provide a number of products for low income and vulnerable members of the community.

Deeming Statement Account

The Deeming Statement account is an account that offers eight free withdrawals per month, unlimited free deposits, no monthly service fees, and an interest rate based on the Government's Deeming rates. Customers need to hold a valid Pensioner Concession Card or Health Care Card to open the account. In December 2002, we extended the eligibility requirements to also allow customers aged 55 and over and retired from the workforce to open Deeming Statement accounts.

Basic Banking Account

The Basic Banking account is a social safety net account that offers a number of free withdrawals per month, unlimited free deposits, no monthly service fees, but pays no credit interest and has no cheque book or periodical payment access on the account. Customers need to hold a valid Pensioner Concession Card or Health Care Card to open such an account.

Disability Benefits

We make it more accessible for customers on a disability pension to transact in our branches by charging a reduced fee of \$0.65 (normally \$2.50) on excess staff assisted withdrawals. This benefit applies to our Basic, Deeming Statement, Classic, Classic Plus, Cash Management, and Cash Management Investor Option accounts.

Youth and Student Benefits

We offer a range of benefits to high school and tertiary students, workers under 21 and university graduates via our youth segment packages. Central to all the packages is a monthly service fee-free transaction account. Additional benefits apply to savings accounts, credit cards and personal loans.

Dealing with financial hardship

Financial hardship is sometimes due to circumstances beyond the control of individual customers. We recognise this and have a special team that assists customers in these circumstances by negotiating altered payment terms and to extending the time customers have to pay, for example.

Previously we had separate collections teams for credit cards and for other accounts. Customers with multiple accounts who fell behind in their payments were forced to deal with several different areas. Consequently, we centralised our Collections teams in Adelaide in October 2002, so that all collections activity now sits under the one management team.

As detailed within our Financial Literacy Case Study, the Corporate Responsibility Group within Collections, have recently developed a workshop to improve our customers' understanding around basic financial matters and advice on where to go for help when they get into financial difficulty. This has been piloted both internally and externally, and following feedback from these workshops, we will be rolling the program out to schools and other organisations who provide financial advice to people in need.

CONSUMER LENDING WITH A HIGH SOCIAL BENEFIT

We consider that the provision of housing through home mortgage lending typically delivers positive social benefits to the community. As at 30 September 2003, our home mortgage lending totalled \$82 billion.

We are also involved in the No Interest Loans Scheme (NILS) in Tasmania. NILS provides interest-free loans between \$300 and \$1,000 to people who can't afford to buy personal or household goods. NILS was launched by the Tasmanian Government and Anglicare and is administered by the NILS network of Tasmania. Aurora Energy, a government-owned electricity company, underwrites a Business Options Overdraft provided by Westpac.

SMALL AND MEDIUM SIZE BANKING

We recognise that small and medium size businesses have different financial needs at different stages of their development. In response, our approach is to offer a consolidated approach to changing needs and priorities through our Business Life package.

Business Life provides a range of products and services under four broad streams, depending on the needs of the business itself. Business Essentials provides banking basics to get started, Business Growth focuses on maximising cash flow, Business Choices provides planning services and tools to navigate changing priorities and Business New Directions offers specialist services for moving on from the business. More information is available on our website @ www.westpac.com.au under the 'Business Banking' tab.

As at 30 September 2003, we had increased consumer satisfaction to 65.2%, a rise of 2.5%.



Business lending risk policies

Within Business Banking we manage a continuum of risk including transactional, credit and environmental risks.

Two distinct approaches are applied in the risk assessment and approval process. 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 frontline management and we normally require at least two credit officers to review and approve transactions.

Assisting small business in Australia

Our Beyond Survival business workshops continue to increase in popularity and to adapt to differing business circumstances. Within the reporting period, 1,603 people participated in these financial management workshops for small and medium sized businesses. Of these, 375 were in metro areas, 586 were in regional areas, 292 were Westpac staff and 350 were other parties including local franchises, community representatives or local government, for example. Participants were from all over Australia and also included some from New Zealand.

We have run workshops in drought-affected areas in New South Wales, Victoria and Queensland, where the course content was structured specifically for agricultural concerns. We have also run specific workshops for a number of other small franchise businesses where the course content was tailored for their individual business needs.

In 2003, we conducted a collaborative Beyond Survival program in conjunction with a local Area Consultative Committee for the first time, in Rochester Victoria.

The second program, run in Doodlakine Western Australia, was attended by 91 people and was our biggest seminar yet. We feel that the success of this local business program will continue to grow as more and more local communities become involved in organising Beyond Survival workshops.

Australian entrepreneurship

In 2003, we were the principal sponsor of the Global Entrepreneurship Monitor (GEM) Australia Report. This report is an annual measure of entrepreneurial activity in Australia and forms part of an annual global study on entrepreneurial activity worldwide.

Significantly for us, the report found that Australian entrepreneurs feel that raising capital for new ventures is getting harder, although once a business is established it was generally felt that there was enough capital available. We'll be studying the report findings closely to see where we can make improvements to our products and services to support entrepreneurial activity in Australia. The full report is available on our website @ www.westpac.com.au, under the 'Business Banking' tab.

We are also involved in the No Interest Loans Scheme (NILS) in Tasmania. NILS provides interest-free loans between \$300 and \$1,000 to people who can't afford to buy personal or household goods.

We make it more accessible for customers on a disability pension to transact in our branches by charging a reduced fee of \$0.65 (normally \$2.50) on excess staff assisted withdrawals.

Women in business

We remain the only bank in Australia with a dedicated Women in Business team, which provides business development opportunities and advice, and assistance in deepening customer relations through our seminar series, and community sponsorships. We have Women in Business managers in each state and territory, as well as a Women's Investment Advisory Service specialising in investment planning, education and risk management for women. More information is available on our website @ www.westpac.com.au under the 'Business Banking' tab.

Business lending with a high social benefit

As at 30 September 2003, 26% of our total business lending or \$27 billion in Australia directly supports small and medium businesses (SMEs), supporting localised economic development.

INSTITUTIONAL BANKING

Institutional banking lending policy

Our institutional lending criteria include detailed analysis of customer, industry, country and facility risk. We take into account the quality of management, including perceptions of their integrity and ethics, in lending or investment decisions.

We scrutinise funding requests for potential conflicts of interest, including requests from parties related to a director of the bank or political parties. We also apply additional approval thresholds for sensitive transactions such as tax driven schemes or hostile takeovers.

Within the reporting period, Westpac Institutional Bank has increasingly focused on environmental risks and opportunities emerging in the marketplace. More information on the initiatives being put in place in this area is included in the Environmental section of this report.

Institutional lending with a high social benefit

In total, institutional lending with a high social benefit for this period was \$2.7 billion, comprising 18% of our total institutional lending and up from \$2.4 billion in 2002. This year we have reviewed our definitional framework for 'high social benefit' and have incorporated additional criteria for inclusion in this category.

THIRD WORLD DEBT

Westpac does not have any 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.

WEALTH MANAGEMENT

BT Financial Group (BTFG) is Westpac's wealth management business. BTFG designs, manufactures and services financial products that enable customers to achieve their financial goals through accumulation, management and protection of their personal wealth. Distribution of BTFG products is through external financial advisers as well as an internal distribution network, through BTFG's Investor Consultants and Westpac's own financial planners and advisers.

More information on BT Financial Group is available @ www.btonline.com.au

BTFG's Code of Conduct sets forth standards of conduct expected of advisory personnel, safeguards material information about client transactions and addresses conflicts that arise from employees' personal trading.

We recognise that there are a number of significant issues around wealth management which we need to respond to, including the provision of financial advice and soft dollar commissions and disclosure on proxy voting, for example. We are currently reviewing our position on these and many other areas of corporate responsibility associated with wealth management, and will be reporting on them in more detail in our next social impact report.

Retirement and superannuation

In recognition of the ageing of the population, we have a number of products and services in place to meet the changing financial needs of our customers. But we also understand that retirement is about more than managing personal income, it is also a whole new phase of life. In late 2003, Westpac published a booklet containing opinion pieces from some of Australia's top financial and social commentators on understanding retirement planning and, more broadly, what retirement really means in the 21st century.

Social researcher Hugh Mackay, financial journalist Gillian Bullock, respected gerontologist Dr Leon Earle, financial adviser and author Margaret Lomas and well-known author Edna Carew all provided opinion pieces on retirement.

This booklet is available under the 'Westpac info' tab on our website @ www.westpac.com.au

Asset management with a high social benefit

Within the reporting period, all Socially Responsible Investment (SRI) products, investments and services were consolidated within our wealth management business BT Financial Group.

We offer investors, seeking to invest in socially responsible companies, two types of SRI products. The first group utilises a 'Best of Sector' approach, which invests in the most sustainable company within each industry sector as determined independently by Monash Sustainability Enterprises (MSE). The second applies screening, both positive and negative, to allow investors to either actively avoid certain industries or areas of investment or to pursue particular ethical preferences.

SRI investments and products include the following:

- BT Institutional International Sustainability Share Fund;
- BT Institutional Australian Sustainability Fund;
- BT Wholesale Ethical Conservative Fund;
- BT Wholesale Ethical Share Fund;
- BT Ethical Share Fund;
- BT Allocated Pension Plan – Ethical Share;
- BT Super and Rollover Plan – Ethical Share; and
- CFS Ethical.

BTFG is also a leading provider of superannuation products, both to the retail and institutional markets. These products deliver high social benefits in helping Australians manage their retirement incomes and needs.

As at 30 September 2003, assets under management with a high social benefit totalled \$14 billion and comprised 37% of our total assets under management.

GOVERNANCE ADVISORY SERVICE

The Governance Advisory Service (GAS), within our wealth management business, is an overlay research and advisory service offered to institutional investors wanting to address potential exposure to corporate, social and environmental governance risk in their portfolio. GAS undertakes research and dialogue on audit governance, disclosure of environmental risk management, workplace health and safety risk management, human rights, supply chain issues and the use of electronic gaming machines. As at September 2003, GAS advised on over \$3.5 billion of Australian equities investments.

In October 2003, BT, in conjunction with the Public Sector and Commonwealth Super Schemes (CSS/PSS), were jointly presented with the Royal Award for Responsible Investment, awarded for the development of the Governance Advisory Service. This was an inaugural citation developed by the United Nations Environment Programme Finance Initiatives (UNEP FI) and the Royal Awards for Sustainability. Presented in two tiers, PSS/CSS and BT were one of only three recipients worldwide to be given a prestigious first tier award.

TO DO – 2004

OBJECTIVES

- Review and update the Personal Customer Charter.
- Expand the role and resources of the Customer Advocate.
- Undertake an audit of the branch network to identify works needed to improve disability access for customers and employees.
- Investigate potential actions arising from Global Entrepreneurship Monitor Australia Report for our business.
- Rollout the financial hardship workshop developed by our Collections Team to schools and to other relevant organisations.

ASPIRATION TARGET

- Increase customer satisfaction by 5% by September 2004.

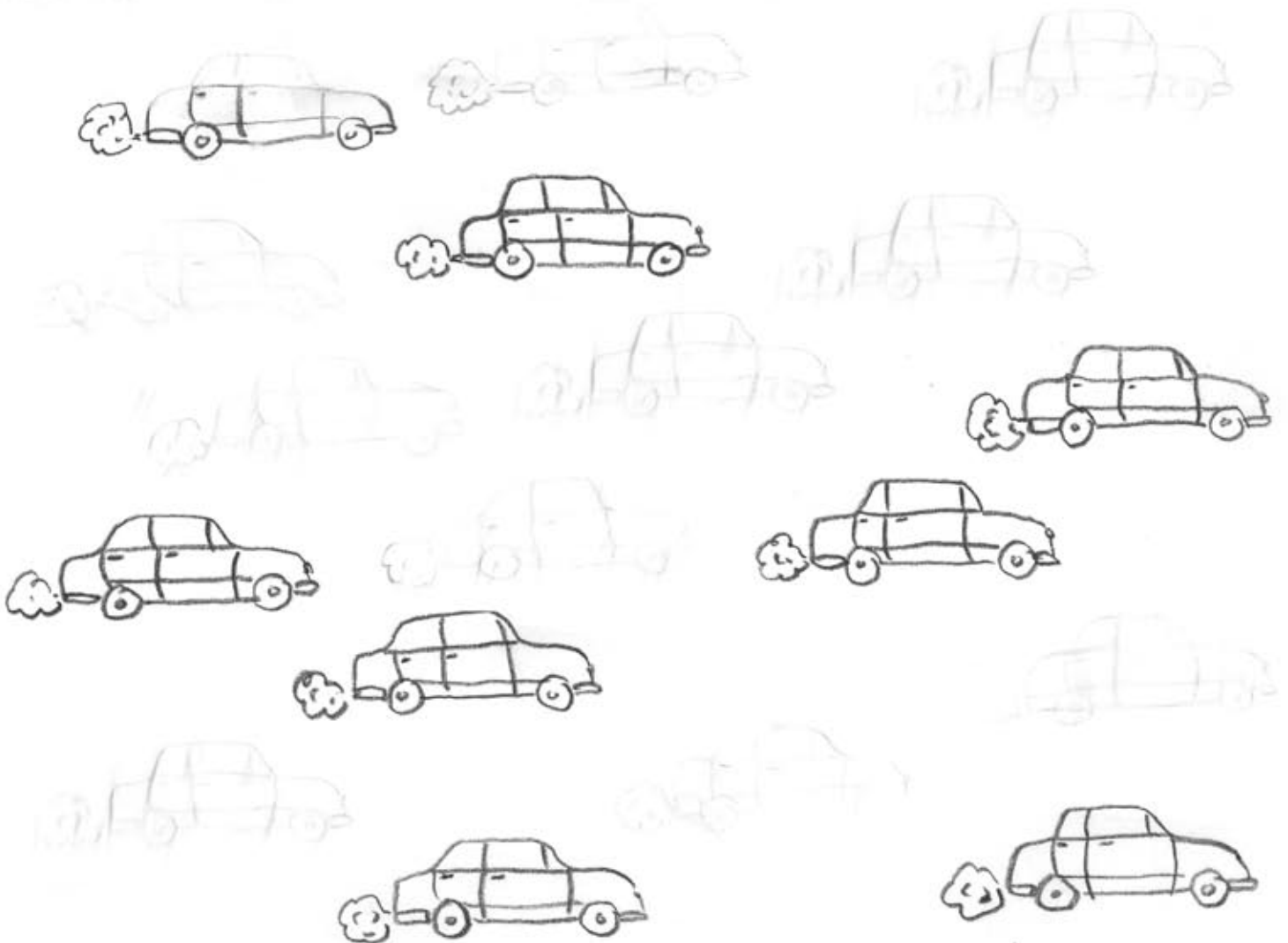
Energy ~~for sale~~



Westpac believes that the demand for ‘clean energy’ will continue to rise. That’s why we continue to seek out new ways to provide funding for renewable energy programs to help organisations achieve their sustainability goals in a carbon constrained world. The Mawson project was an ideal fit with our approach.



THE WIND FARM WILL SAVE 1500
TONNES OF CO₂ A YEAR FROM
BEING RELEASED INTO THE
PRISTINE ANTARCTIC ENVIRONMENT.
THIS SAVING IS EQUIVALENT
TO TAKING 330 CARS OFF
AUSTRALIAN ROADS.



ENERGY MARKET INVOLVEMENT

We have actively participated in the development of Australia's national electricity market since its inception in the early 1990s. This led us to significantly expand our Energy Trading Group through the hiring of a team of energy trading specialists to complement our existing Energy Trading and Risk Management capability, in March 2002.

Currently, Westpac is uniquely positioned as the only Australian bank actively involved in the trading of Renewable Energy Certificates (RECs). Our involvement sends important pricing signals to the market that encourage the development of renewable energy sources. In addition, we are able to assist our customers to manage the price risk associated with their exposure to the REC market.

ANTARCTIC WIND POWER

In an Australian banking first, in September 2003 we announced a unique environmental deal to assist in the development of a remote wind power project at Mawson Station in the Antarctic.

The wind farm will provide energy for heating and power at the remote outpost, where scientists and support crews endure fierce climatic conditions. We will provide up-front funding to the Australian Antarctic Division (AAD) for the renewable energy rights generated by the new Mawson Wind Farm.

Specifically, the deal will see Westpac enter into a ten-year agreement to pre-purchase Renewable Energy Certificates generated by the wind farm.

The Australian Antarctic Division has been researching the feasibility of installing wind turbines on our stations since 1993. This is the first serious attempt by any nation to use wind power generation in Antarctica on a large scale, to reduce the need for the transportation and use of diesel in such a pristine natural environment.

Currently, 700,000 litres of diesel fuel are transported annually to Mawson to provide energy for power and heating. The Mawson Wind Farm reduces this need to just two trips every 10 years.

Importantly, the wind farm saves 1,500 tonnes of CO₂ a year from being released into the pristine Antarctic environment. This saving is equivalent to taking 330 cars off the road on the Australian mainland.

Other benefits expected from the introduction of wind power include a significant reduction in the direct cost of power generation and increased efficiency of station operations due to the ability to automate more processes.

As of late February 2003, the installation and commissioning of the first of three wind turbines planned for Mawson Station has been completed.

CLEAN ENERGY DEMAND

We believe that the demand for 'clean energy' will continue to rise. That is why we continue to seek out new ways to help organisations achieve their goals by providing funds for renewable programs. The Mawson project was an ideal fit with our approach in this space.

Westpac's involvement in this project follows another recent announcement regarding the provision of project finance to fund the 52.5 MW Chalicum Hills Wind Farm near Ararat in Victoria, developed by renewable energy company Pacific Hydro.

Overall, we will also continue to actively seek out opportunities in other new environmental and emissions trading markets within our region, such as the NSW Greenhouse Gas Abatement Scheme. ●

- Currently, 700,000 litres of diesel fuel are transported annually to Mawson to provide energy for power and heating. The Mawson wind farm reduces this need to just two trips every 10 years.
- Fuelled by the most powerful winds on the planet, Australia will be the first country to obtain a significant electricity supply from its Antarctic stations.
- By adding a third turbine next summer, the station expects wind power to supply 100% of its energy needs 75% of the time.

Environment

PROGRESS REPORT	
PROGRESS AGAINST 2003 OBJECTIVES AND TARGETS	
OBJECTIVES	COMMENTS
Implement water savings initiatives through the Sydney Water 'Every Drop Counts' program.	A diagnostic has been conducted in conjunction with Sydney Water, however the resulting action plan is yet to be implemented. X
Coordinate a staff communications campaign to encourage our employees to 'think before they print' and reduce overall paper consumption.	The 'Think before you print' campaign is being coordinated as part of the 'Great Paper Challenge' initiative. This is aiming to reduce paper consumption by 7.5% and increase paper recycling by 5%. ✓
Continue to implement energy saving projects across our network to reduce greenhouse gas emissions resulting from energy consumption.	Major initiatives include relamping of selected corporate buildings, and the reduction of core hours for base building air conditioning and office lighting, for example. ✓ These have resulted in savings of approximately 17 GWh.
ASPIRATION TARGETS	COMMENTS
Reduce our total greenhouse gas emissions by a further 5% by September 2003.	We have reduced our total greenhouse gas emissions by around 1%, from 138,000 tonnes to 137,200 tonnes. X

ENVIRONMENTAL POLICY

We first published our Environmental Policy Statement in 1992. This was reviewed and re-released in 2001 and is publicly available in the environment section under the 'Westpac info' tab of our website @ www.westpac.com.au

Our Environmental Policy and management system covers areas such as managing our ecological footprint, measuring and reporting on our performance and the incorporation of environmental considerations into our risk management framework. Also included in the policy is a commitment to meet or exceed relative standards in all countries where we operate and to respond to community expectations in environmental responsibility.

ENVIRONMENTAL GOVERNANCE

Our approach is centred on our Environmental Management System (EMS), which includes specific environmental objectives and targets and is based on ISO14001.

The EMS was developed under guidance by an independent environmental consultant and is reviewed at the operational level by the Environmental Advisory Group and overseen by the Board Social Responsibility Committee, both of which meet on a quarterly basis.

During the reporting period, the operations of Westpac were not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or of any State or Territory of Australia. Westpac has not incurred any liability (including rectification over land for the recovery of loans) under any environmental legislation.

In 2004, we will be reviewing and updating both our EMS and the structure and functioning of our Environmental Advisory Group. In doing so, we recognise both the growing sophistication of the environmental debate, globally and within our region, as well as the role that Westpac has to play as a bank.

ENVIRONMENTAL PERFORMANCE

Westpac has reported on our greenhouse gas emissions through the Australian Greenhouse Challenge since 1997. This year, we have included emissions arising from our newly consolidated wealth management business BT Financial Group (BTFG) for the first time.

Within the reporting period our total greenhouse gas emissions were 137,200 tonnes of CO₂ emissions, down from 138,000 tonnes last year. Although we did not meet our 5% reduction target, we are nonetheless happy to have continued the downward trend in our overall greenhouse gas emissions.

Within the period, we have seen an increase in our electricity consumption from 112,300 MWh to 117,400 MWh. Electricity is the biggest contributor to our total greenhouse gas emissions and we expected the inclusion of BTFG to be reflected. And yet, despite the inclusion of BTFG data, in other areas of our footprint we have improved considerably.

Within the year, we were pleased to see emissions arising from our car fleet reduce from 6,400 tonnes to 3,600 tonnes of greenhouse gas emissions. In 2003, this approach earned Westpac the Energy Efficiency Best Practice Certificate and the Fleet Environment Certificate of Commendation, presented by the Australasian Fleet Managers Association (AFMA) as part of the Australian Government Greener Motoring initiative. The awards recognise best practice approaches to sourcing and using trade vehicles that help minimise our impact on the environment.

We were also happy to see our paper consumption coming down at last, decreasing from 12,000 sheets of paper per employee to 9,300 – a reduction of around 20%. Building on this momentum, and recognising that our performance on paper consumption remains below best practice, we have implemented the 'Great Paper Challenge', aiming to further reduce total paper consumption by 7.5% and increase paper recycling by 5%.

Through an intensive stakeholder consultation process, we have sought feedback from across all business groups, and from our suppliers, on ways to improve our paper performance. Through this process, we identified initiatives such as defaulting all printers and photocopiers to double-side printing in partnership with suppliers such as Canon; encouraging staff to 'think before they print' through a communications campaign; and implementing the national rollout of a single recycling supplier. Our Investor Relations team are also proactively encouraging our shareholders to receive investor information electronically where possible, rather than in hard copy.

THE EQUATOR PRINCIPLES AND ENVIRONMENTAL RISK

In June 2003, Westpac joined with nine banks from seven countries in adopting the Equator Principles. These principles, which are based on the policies and guidelines of the World Bank and International Finance Corporation (IFC), aim to help financial institutions determine, assess and manage environmental and social risk in project financing.

The Equator Principles will apply to all loans for projects with a capital cost of \$50 million or more. In adopting the principles, Westpac has committed to providing loans only to those projects whose sponsors can show their

ability and willingness to comply with comprehensive processes.

Environmental risk is currently addressed within credit policy, where environmental risk considerations are taken into account when evaluating lending proposals. We also aim to avoid involvement in assets or businesses which pose or might pose a material risk to health, the environment or the community or which are likely to have a diminished value when environmental clean-up costs are taken into account.

Guidance is provided on what constitutes material risk and is supplemented with a comprehensive list of activities commonly associated with the potential for environmental contamination. Training on evaluating environmental risk is included in the risk assessment component of credit training. Following our adoption of the principles, Westpac Group Risk, under the oversight of the Board Social Responsibility Committee, has undertaken a wider review of the incorporation of social, environmental and ethical considerations in all of our risk policies and procedures. More information is available within the finance and governance section of this report.

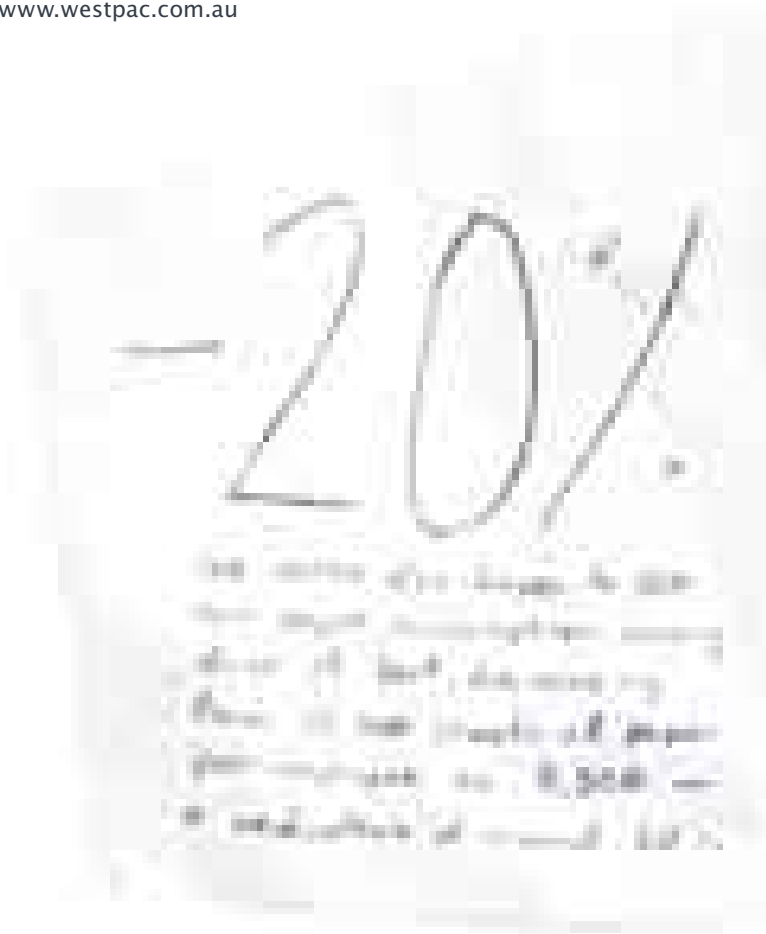
Further detail on Westpac's adoption of the Equator Principles can be found under the 'Westpac info' tab of our website @ www.westpac.com.au

BIODIVERSITY

In partnership with Landcare Australia, our staff-volunteering program, Operation Backyard, provides funding for the restoration of Australia's unique biodiversity through habitat restoration projects. Since it began in October 1998, over \$880,000 has been provided to more than 200 projects in local communities across Australia. Within the reporting period alone, approximately 21,720 trees have been planted to restore damaged vegetation.

Operation Backyard projects have benefited a range of communities across Australia including Martins Creek, Buderim in Queensland, Padman Park in Albury New South Wales, Cowaramup Primary School in Margaret River, Western Australia and the Moree Carp Muster in New South Wales, to name a few.

We are also working with Landcare Australia to raise awareness of the benefits of sustainable farming through sponsorship of the Landcare Farming campaign. The report into Landcare Farming, released in 2003, showcases ways in which sustainable farming techniques can align long-term economic viability with the protection and enhancement of Australia's precious biodiversity.



One of the biggest Landcare projects which we are contributing to is being undertaken in conjunction with Brimbank Council in Victoria, and is designed to create a continuous wildlife corridor from Sunbury to Keilor. This project is detailed in our community involvement booklet 'Because', available in the community section of our website under the 'Westpac info' tab @ www.westpac.com.au

WATER CONSUMPTION

As discussed at the beginning of this report, we are actively participating in the debate on water management currently taking place in Australia. Within our own operations, we are also members of the Sydney Water 'Every Drop Counts' program. Since undertaking our original diagnostic we have not achieved the progress we would have liked to in terms of implementing water saving initiatives.

In 2003, however, we have adopted a plan of steady progression to improve our rating from the one star we achieved last year to a two or two and a half star rating this year. To help us achieve this, Sydney Water is assisting us to prepare an Awareness & Management Plan consisting of physical and maintenance programs, better measurement and tracking of our performance, and the implementation of Westpac design manuals to ensure continuous improvement. We will be trialling our management plan in two sites in 2004.

CLIMATE CHANGE

For Westpac, there are three primary mechanisms for reducing greenhouse gas emissions:

1. Reducing our direct ecological footprint;
2. Valuing the costs associated with climate change (climate change risk) within our portfolio; and
3. Using market-based instruments to promote sustainability.

To date, we have focused principally on reducing our own environmental impact and refining our environmental management and reporting systems. Increasingly, as the debate moves forward, we will be in a better position to understand the role financial institutions have to play in terms of reducing our indirect impact through our extended portfolio. We believe that the experience we have gained in measuring our own direct impacts will enable us to extrapolate that knowledge to analyse associated environmental costs and savings in the marketplace.

To this end, in 2004 we will be working with the Australian Conservation Foundation and other major companies in Australia in a business roundtable, to better understand the impact climate change will have in key industrial and service sectors, including our own. In 2003, we also worked with the Total Environment Centre on the 'Carbon Project', hosting a workshop on energy trading from the practitioner's perspective to promote greater awareness of climate change issues within the financial services community.

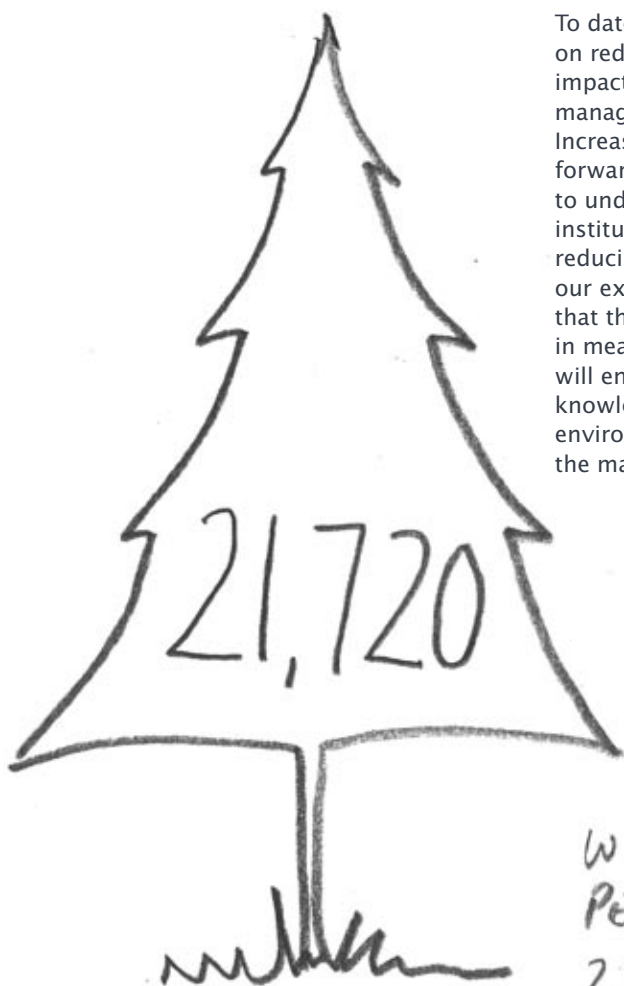
MARKET-BASED INSTRUMENTS AND ENVIRONMENTAL OUTCOMES

Since the early 1990s, Westpac has been explicitly examining and responding to the impact of environmental issues in the marketplace. Our strategy essentially comprises three distinct but interrelated components:

1. Measuring and reporting on our environmental performance;
2. Anticipating and responding to changes in trade and regulatory frameworks, in both the regional and global spheres; and
3. Identifying and responding to emerging business risks and opportunities.

Environmental markets

We have established an Environmental Markets Group specifically to focus on trading in environmental mechanisms, including carbon credits. This includes strategic participation in Australia's only national environmental market, the Renewable Energy Certificate (REC) market. Our business focuses on providing risk management solutions for customers and our products are specifically tailored to meet individual requirements. Over 25% of our REC customers have not participated in a trading market before and we assist them in managing their exposure to fluctuations in REC prices.



WITHIN THE REPORTING PERIOD ALONE, APPROXIMATELY 21,720 TREES HAVE BEEN PLANTED TO RESTORE DAMAGED VEGETATION.

We are also positioning ourselves to participate in the NSW Greenhouse Gas Abatement Scheme and other environmental markets as they emerge in Australia. We are actively involved in the development of these markets to make certain that robust trading frameworks are established, and thus ensure the environmental objectives will be more readily achieved.

Westpac has also commenced analysing the greenhouse gas risk profile of customers in our debt portfolio, particularly those companies operating in countries where greenhouse gas emissions regulations are being promulgated.

More information is available in the environmental section of our website under the 'Westpac info' tab @ www.westpac.com.au

ASSETS UNDER GREEN MANAGEMENT

Within our total range of Socially Responsible Investment (SRI) products detailed in the Customers section of this report, we also offer the BT Institutional Australian Eco Share Fund. This product applies a 'Best of Sector' approach and only invests in those companies which operate in a more environmentally responsible manner. At 30 September 2003 we had \$28.4 million under green management.

Companies are selected on the basis of eco ratings, which are undertaken by Monash Sustainability Enterprises and which rank the environmental performance of companies within each Australian Stock Exchange (ASX) industry sector. We invest across the majority of industry sectors, selecting those with the highest eco ratings within each sector. Where necessary, we select companies with lower eco ratings to manage the overall risk of the portfolio.

More information is available on our website @ www.westpac.com.au under the 'Corporate Banking' tab.

TO DO - 2004

OBJECTIVES

- Review and update our Environmental Management System.
- Broaden the structure and scope of our internal Environment Advisory Group.
- Reduce paper consumption by 7.5% and increase paper recycling by 5% by September 2004.
- Implement Awareness and Management Plan as part of our 'Every Drop Counts' water conservation strategy.

ASPIRATION TARGET

- Reduce our total greenhouse gas emissions by 5%.

Making Sense

Maxed-out credit cards, mobile phone bills, growing debts and no savings – the side effects of poor money management can mean a shaky financial future for many people. And being okay at numeracy and mathematics is no guarantee that someone will be good at saving, investing or knowing how to manage a budget. Better late than never, we've developed a novel approach to help young people handle their money more effectively.



They might work for a bank, but we found our people have the same spending, saving and credit habits as all other members of the community – some good, some bad. So, when looking at how we could best increase the level of understanding of good money management and financial literacy within the wider community, the best place to start was with our own staff.

Recognising the problem, we have developed Financial First Steps, a free voluntary education workshop designed to help people understand more about basic financial literacy and money management. The workshop covers a wide range of topics including budgeting, saving, compound interest, risk and spending, and also includes tips on useful financial education resources. Participants receive pre-work on budgeting and a workbook using real-life case studies of people in different financial situations and how they handled them.

The course was originally designed to help younger and new employee members increase their own understanding of effective money management. We discovered that many of our younger recruits had little experience in managing their own money, were often still living at home and were not financially independent. So the idea of developing a course targeted specifically at young adults aged between 18 and 24 was born.

However, we are increasingly adapting the course for schools, new apprentices, customers, basically anyone who wants to learn. The course is simple, low cost and easy to deliver and the opportunities for further adaptation to diverse audiences remain potentially unlimited. In the last year, we have spoken to many employers about educating their employees in basic money management, and have subsequently been asked by a leading Australian company to train some of its apprentices.

We have found that Financial First Steps has also given our people the confidence, the tools and framework to go out and deliver the course themselves. Since April 2003, more than 130 regional branch managers have become accredited facilitators and are now able to deliver the program in schools and community organisations within their own community. We are also looking to provide the course in partnership with some of our key community partners as part of existing outreach programs run with disadvantaged members of the community.

We are now in the process of developing an electronic version of the workshop so that it can be distributed on CD and through our website.

The success of Financial First Steps has inspired other areas of the bank to apply their skills and experience to the broader issue of financial literacy within the community. Westpac's Debt Collections team, based in Adelaide, have also begun working to educate the community on how to avoid getting into financial difficulty, and what to do when you do find yourself overextended.

In August 2003, they formed a Corporate Responsibility Group with the intention of developing a financial literacy workshop on debt management.

The workshop includes information on basic financial literacy but specifically looks at how to apply critical thinking to financial decisions, where to go for help in times of financial difficulty and activities on budgeting, ways of paying off debt and the advantages and disadvantages of various credit, store and charge card options.

The first workshop was piloted internally in December 2003 with other employees in the Collections team and was subsequently piloted externally to a number of community organisations, including the Smith Family, Central Mission, Uni SA and Uniting Care. Feedback is currently being collated from all of the pilot programs, as well as from educational institutions and independent financial counsellors, and the workshop will subsequently be rolled out in a finalised form to schools and other organisations that assist people in financial difficulty.

Through our Community Involvement team, we have also been a supporter of the Young Achievement Australia (YAA) program since 1980. Each year more than 15,000 young Australians work in small groups to establish their own companies. This includes manufacturing their own products and competing on the success of their venture. We support this program through the provision of mentors and advisers for the student groups.

The promotion of financial literacy is also something we are pursuing in the small business community through our Beyond Survival courses, reported on within the Customers section of this report. This program is targeted at small businesses, farmers and professionals focusing on cash-flow management and linking business decisions with financial outcomes.

We are increasingly tailoring the workshop for not-for-profit and Indigenous organisations, as well as sectors in stress, such as rural businesses affected by drought.

Overall, we have learnt from experience that financial literacy material needs to be presented in an engaging and easy-to-understand way and that it is important to avoid it being perceived by participants as a sales exercise by banks and other providers.

We acknowledge the specialised expertise of schoolteachers and financial counsellors and are guided by them and other key stakeholders in developing content and structuring the financial literacy courses we provide.

Our own experience has taught us that while wealth accumulation is not a high priority for everyone, most people would like to be able to manage their financial resources more effectively. While many people are keen to build up wealth for retirement, others just need help in managing to house, feed, clothe and educate their children. Providing basic money management to both our own staff and the wider community, we believe, will build a better understanding of financial matters and the consequences of personal behaviour in the wider community. ●

Westpac has developed 'Financial First steps', a free voluntary education workshop designed to help people understand more about basic financial literacy and money management.



PROGRESS REPORT	
PROGRESS AGAINST 2003 OBJECTIVES AND TARGETS	
OBJECTIVES	COMMENTS
Maintain total community contributions above accepted best practice levels of 1% of pre-tax profits.	Total community contributions for the reporting period were 1.6%. ✓
To improve financial literacy and employment opportunities for Indigenous Australians.	The Cape York program continues to grow and in 2003 received international recognition for the work being done to build financial literacy and employment opportunities for Indigenous Australians. ✓
To continue to be rated as a leader in corporate responsibility.	Westpac was rated the number one bank globally for the second year in a row in the Dow Jones Sustainability Index. Within Australia, Westpac was the only company top rated AAA in RepuTex. ✓
ASPIRATION TARGETS	COMMENTS
Increase employee support for community involvement to 90% (currently 87% as measured in the annual Staff Perspectives Survey).	Employee support for community involvement decreased from 87% to 86%. ✗

COMMUNITY INVOLVEMENT

Effective and consistent community involvement is critical to our aspiration to be a great Australasian company, and is supported by a strategic approach and active involvement throughout the company.

Westpac's community involvement strategy is comprised of three main streams – employee involvement, partnerships and capacity building. In total, we increased our community contributions to 1.6% of pre-tax profits in 2003, up from 1.4% in 2002.

EMPLOYEE INVOLVEMENT

We have the infrastructure in place to encourage and support employee contribution to the community. In particular, our employee involvement programs allows employees to choose the charitable cause they wish to support. Not surprisingly, many employees direct their efforts towards their local community.

Through Westpac Matching Gifts, where we match employee payroll deductions, one-off employee donations and internal team fundraisers dollar for dollar, a total of \$721,324 was donated by staff to 378 charities in the period February 2002 to January 2003, which we subsequently matched.

Within the reporting period, 4,180 Community Volunteering Days were logged. This annual entitlement of a paid day's leave for volunteering helps many people with their community volunteering commitments and inspires business units to organise team volunteering events.

Outstanding contributions by staff are also recognised and rewarded by the CEO through financial support for their preferred community organisation. Within the reporting period \$51,000 was donated to 12 community organisations supported by individuals and teams through these CEO's Community Volunteering Awards.

COMMUNITY PARTNERSHIPS

Westpac has the privilege of sharing in long-term partnerships with a number of leading community organisations, including The Salvation Army, Mission Australia, The Smith Family, Landcare Australia, Juvenile Diabetes Research Foundation, Australian Mathematics Competition, Indigenous Enterprise Partnership, Westpac Life Saver Rescue Helicopter Services (NSW) and Surf Life Saving Queensland and Victoria.

We have undertaken many initiatives within the reporting period in conjunction with our community partners, primarily through utilising our networks, expertise and resources to create community value. In one such initiative, we have expanded our alliance with Surf Life Saving Australia to include Surf Life Saving Victoria. This includes the sponsorship of a Cessna 322 twin engine plane as well as a new Westpac Lifesaver Rescue Helicopter to assist in surf rescue activities.

While all of our partnerships differ, we continue to maintain an innovative approach in seeking new opportunities to deepen the relationships and maximise impact. These opportunities often fall within the realm of our employee involvement and capacity building programs, and we are increasingly engaging cross-functional areas of our business with the capability to take shared benefits to the next level.

CAPACITY BUILDING

As an advocate for sustainability, we provide training tools for community organisations to enhance their effectiveness. We also employ the services of non-profit specialists for our two key capacity building courses.

Each year, around 20 community organisation leaders participate in a financial training workshop conducted by Macquarie Graduate School of Management. The course is tailored to suit non-profit business leaders and provides a forum for discussion around issues facing the community sector.

To date, 93 community organisations have benefited from this popular program.

International experts also conduct our on-site workshops with key members of community organisations to help increase the efficiency of their operations, including service provision and fundraising. This process has prompted many organisations to implement changes to improve their effectiveness.

This year Westpac's popular Beyond Survival course for small business has also been offered free of charge for the first time to 12 representatives from eight community organisations.

As a business employing qualified and experienced people in banking and other specialties, increasingly our staff are seeking volunteering opportunities which enable them to utilise these skills for the benefit of community organisations.

In early 2003, for example, around 25 employees from Westpac's Electronic Channels unit volunteered more than 400 hours of their time to review and improve the website and donations payment process for Mission Australia, one of our community partners. We also introduced usability experts, The Hiser Group, to further support the website project.

The result was a website to tell Mission Australia's story in a simple and effective way while providing interactive resources to the online audience and a payments system making it cheaper and simpler to ensure donations go directly to those in need.

The London Benchmarking Model continues to be the framework we apply to ensure that all partnerships reflect the purpose, needs and motivations of all parties. It allows us to better understand where our contributions are targeted and what outcomes are generated as a result.

For more detailed information on our specific community involvement programs, partnerships and local outreach initiatives, please refer to the 'Because' – Westpac's involvement in the community @ www.westpac.com.au

HUMAN RIGHTS

Westpac's community involvement strategy is a significant foundation stone in our broader commitment to being a responsible and ethical organisation. For this reason, we explicitly state our support for a number of human rights instruments in our Social Charter, and are working to ensure that these principles are embedded within all our business operations.

Westpac has formally signed or publicly declared support for the following instruments:

- UN Global Compact;
- OECD Guidelines for Multinational Enterprises;
- The United Nations Universal Declaration of Human Rights;
- The International Covenant on Civil and Political Rights;
- The International Covenant on Economic, Social and Cultural Rights;
- The United Nations Convention on the Rights of the Child;
- The ILO Declaration on Fundamental Principles and Rights at Work, 1998; and
- The ILO Tripartite Declaration Concerning Multinational Corporations and Social Policy.

We also support Just Business, the human rights framework developed for Australian companies by Amnesty International.

We will not tolerate unlawful discrimination in our dealings with customers, staff and other groups with whom we have dealings. We also do not make any distinction on the basis of gender, age, marital status, family responsibilities or pregnancy, religion, political conviction, national or ethnic origin, trade union status, disability or physical appearance.

Our employee policies require that we only employ people above the legal working age in all countries in which we operate, and prevention of the use of child labour is also incorporated into our sustainable supply chain management framework.

We recognise that in addition to the land rights enshrined in law, Indigenous people may have other traditional and customary claims to ownership of land. Accordingly, we fully respect and accommodate local laws and customs and are working with Indigenous communities to better understand and address any unique financial requirements.

Information on how we ensure the human rights of our employees are protected is contained within the Employees section of this report while the incorporation of human rights considerations within our supply chain is detailed within the Suppliers section.

INDIGENOUS ASSISTANCE

Our Indigenous assistance program revolves around a range of initiatives to address the educational, financial and employment disadvantage of Indigenous Australians and to better address their specific banking and financial needs. Within the reporting period, the work we are undertaking in partnership with Indigenous communities continued to expand and deepen. We recognise there are difficulties and frustrations to encounter along the way with no quick solutions. However, as a bank that has played a critical role in developing the nation, we are prepared to go the distance in playing our part for sustainable change.

Our internal Westpac Indigenous Working Group oversees the numerous initiatives and activities we are committed to and our Head of Regional Community Partnerships coordinates our involvement along with other regional business-based community partnerships.

Through Westpac Matching Gifts, we match employee payroll deductions, one-off employee donations and internal team fundraisers dollar for dollar.

A total of \$721,324 was donated by employees to 378 charities in the period February 2002 to January 2003, which we subsequently matched.

We are working with the Tangentyere Council in looking to upgrade the existing third party agency in operation for 15 years, to a full 'in-store' facility with complete online access. This offer was accepted in principle in late 2003 and we are hopeful of progressing this with their support during 2004.

Recognising that there are many economic and capacity building opportunities for Indigenous communities arising from cultural or eco-tourism initiatives, we have co-sponsored the development of the financial management guide, 'The Business of Indigenous Tourism' in conjunction with Aboriginal Tourism Australia. This was officially launched in August 2003. We also continue to support the Garma Festival, an Indigenous arts and culture festival conducted by the Yothu Yindi Foundation in Nhulunbuy in the Northern Territory.

Cape York Indigenous Partnership

We continue to support the work being undertaken by Indigenous communities in the Cape York region to help develop financial literacy and self-sufficiency through our two primary programs, the Family Income Management Scheme and Business Hubs. Our initial commitment was to provide 150 employees over a three-year period to work in the Cape for one-month periods. After two years 98 secondments have been undertaken, resulting in the creation of 40 'real' jobs for Aboriginal people and seven successful business starts with 40 more in incubation. As at April 2004, 600 people have signed up to the Family Income Management Scheme.

In addition, three 12 month fellowships have been established in strategic positions within Cape York regional organisations to help build local capacity in rolling out further strategies. Westpac has also been able to help in facilitating a number of new partners to the Indigenous Enterprise Partnership, to meet the emerging developmental needs of Indigenous communities in the Cape.

In October this year, Westpac, in partnership with the Indigenous Enterprise Partnership, received a global Corporate Conscience Award for Innovative Enterprise Partnerships, presented in New York. This award honours outstanding social and environmental performance and seeks to encourage widespread adoption of responsible business practices. Westpac was the first Australian company to receive this award.

More information on the Cape York Indigenous Enterprise Partnership is available @ www.westpac.com.au under the 'Westpac info' tab.

Indigenous Capital Assistance Scheme (ICAS)

In December 2003, we were awarded the tender for the Indigenous Capital Assistance Scheme (ICAS), an Australian Government initiative under the Indigenous Employment Policy, as administered by the Federal Department of Employment and Workplace Relations (DEWR). The scheme aims to support eligible Indigenous businesses with finance from \$50,000 to \$500,000 and subsidised interest for the first three years. In addition, eligible businesses are entitled to free business advisory services and the reimbursement of fees for Professional Services purchased from accredited and registered accountants, lawyers, tax advisers and training supplied by a Registered Training Organisation.

A key component of our support is the provision of business mentor services through another ICAS partner Indigenous Community Volunteers (ICV). ICV assists Indigenous businesses by providing access to business planning, management and technical advice. Westpac will also provide a network of business champions trained in cross-cultural awareness as part of their accreditation. A limited rollout of the scheme commenced in March 2004, with a national rollout to follow in July 2004.



TALKIN' MONEY BUSINESS

In 2002, Westpac co-chaired a workshop organised by Reconciliation Australia on improving banking and financial services for Indigenous Australians called Talkin' Money Business. Within this workshop we made a number of commitments to improve financial services in rural and remote areas, to investigate the potential to roll out a program like our Cape York initiative in other Indigenous communities and to look at developing better resource funds management for Indigenous organisations. Since then, we have undertaken a number of initiatives to address these aims.

To support the many remote Indigenous communities our regional branches support, we are developing a process map to help local community representatives assist community members in opening bank accounts necessary for the receipt of financial entitlements. This is supported by a pictorial representation of the functioning of bank accounts for individuals with limited English ability. We believe this will help bridge the communication gap and build financial literacy in local Indigenous communities.

To support better resource funds management in Indigenous communities, in 2003 Westpac funded a research project investigating lending on communal land. This study examined the experiences of Indigenous groups in Canada, New Zealand, South Africa, the United States of America, as well as Australia. We have since commenced discussions with one local group aimed at assisting with the strategic management of Indigenous land assets in a culturally appropriate manner to generate sustainable financial outcomes for the local community.

In 2004, we will be reviewing our involvement with the Cape York Indigenous Partnership against the AA1000 Assurance Standard to examine the effectiveness of our work in responding to Indigenous needs. This will assist us both in determining next steps for our involvement in the partnership, as well as provide significant guidance on any future extension of the Cape York program to other Indigenous communities.

TO DO - 2004

OBJECTIVES

- Review and report on our human rights performance against 'Just Business' and the OECD Guidelines for Multinational Enterprises.
- Review our involvement in the Cape York Indigenous Enterprise Partnership program using the AA1000 Assurance Standard.
- Continue to seek out new volunteering and capacity building opportunities that enable us to utilise our skills for the benefit of the community.

ASPIRATION TARGET

- Maintain total community contributions above 1% of pre-tax profits.

The supply chain *GANG!!*

The community will hold us just as accountable for any problems that occur within our supply chain.

That's why we've spent the last twelve months working with key stakeholders and suppliers to better understand our supply chain risks, to start a process to deal with any problems and to lift supplier performance.



We set out to better understand, positively influence and then report on the social, ethical and environmental performance of our supply chain. So naturally our first steps involved extensive consultation with suppliers and other stakeholders on the issues we needed to address and how our suppliers could best meet requirements for sustainable business practices in practical terms.

So in mid-2003, we met with key suppliers, non-government, consumer and environmental organisations to begin to identify the scope and content of a sustainable supply chain management framework. This included feedback from organisations such as the Australian Conservation Foundation, Australian Consumers' Association, Australian Council of Social Security, Brotherhood of St Laurence, the City of Melbourne, the Department of Family and Community Services, the Department of Environment and Heritage, Ecosteps, Finance Sector Union, Human Rights and Equal Opportunity Commission, Reconciliation Australia, St James Ethics Centre, and the Wilderness Society.

We also sought feedback from organisations and consultancy firms working in this area, to ensure that we had captured all the issues.

Out of this we developed our Supply Chain Management Policy, guidance notes, questionnaire and evaluation method. This is publicly available under the 'Westpac info' tab @ www.westpac.com.au

Our next step was to launch in late 2003 an online questionnaire for our top 100 suppliers. We got some interesting responses across our supply chain as a result. Some organisations completed the questionnaire with no discernible difficulty, while some are yet to respond at all. Others who had not begun to address social, ethical or environmental issues within their business were keen to work with us to tackle the issues inherent within their own business and industry. Responding and managing these differing responses has been challenging on a number of fronts.

In some respects designing the framework and initiating the first screening process was the easy part. As discussed within the Suppliers section of this report, this process

captured performance data on 62% of our total supplier spend. In order to capture the remaining 38% of spend in our supply chain we are looking to put in place an ongoing process of screening of potential suppliers. This has two aspects:

- promoting greater compliance across the business units to ensure engagement of our Strategic Sourcing business unit in all supplier selection activities; and
- ensuring that the Sustainable Supply Chain framework is embedded within all Request for Proposals in assessing new supplier relationships.

We will now be looking to work with those suppliers who have not been accredited against our Sustainable Supply Chain criteria to improve their corporate responsibility performance. While we will not be negatively screening out suppliers through this process, any suppliers who are unable or unwilling to work towards responsibility performance targets, agreed through collaborative improvement plans, will ultimately be removed from Westpac's supply chain.

This raises some challenges in how best to work with supplier companies to improve their social, ethical and environmental performance. In refining our approach, we will continue to work with stakeholders who participated in our Sustainable Supply Chain consultation process to develop a resource guide for organisations looking to improve their performance.

We are also looking to formalise the relationships we have established through this process, with both our suppliers and other key stakeholders, in a Supplier Forum. Our intention is to use this forum to put all aspects of the supply chain relationship to the test and to resolve any ongoing issues. ●

In late 2003, we launched an online questionnaire for our top 100 suppliers by spend and had some interesting responses across our supply chain.

We sought feedback on what they thought about our work to integrate corporate responsibility issues into our supply chain management.

HERE ARE SOME OF THEIR THOUGHTS

Good to see Westpac taking a leadership role in this area and valuable to learn how these issues can be identified and actioned.

It has lifted the profile of the issue
Main concern remains in that we can't yet determine cost.

IT MADE US THINK ABOUT THE ROLLOUT OF SUSTAINABILITY AS A MOVEMENT IN GENERAL, AND ONE WE NEED TO ASSESS AS PART OF OUR OWN PROCUREMENT PROCESS.

INTERESTING TO SEE THE IMPACT ON OTHER'S PRODUCTS/SERVICES.
I'M SURE WITH THIS FOCUS WE CAN DO MORE.

Was a great opportunity as a supplier to WBC to be involved with the direction strategically WBC are moving. Highlighted possible differentiator of our organisation against competitors

Very useful in explaining the direction of the Bank in this area. Really admired the inclusive nature of the workshop.

All of the suppliers involved indicated their willingness to be involved in future stakeholder workshops relating to corporate social responsibility and sustainability.

Suppliers

PROGRESS REPORT		
PROGRESS AGAINST 2003 OBJECTIVES AND TARGETS		
IMPLEMENTATION OF KEY PHASES		
Development of a sustainable supply chain framework (including policy and development).	Policy and framework have been developed in consultation with suppliers and key stakeholder groups, and is available on the Westpac website.	✓
Data gathering on the performance of current suppliers.	Westpac's top 100 suppliers have been surveyed and results have been processed.	✓
Data gathering and screening of potential new suppliers.	All new or potential suppliers to be surveyed using the Sustainable Supply Chain Management .	In progress
Compliance across business units to ensure universal engagement of Group Procurement in all supplier selection activities.	Communication has gone out internally encouraging all staff to use preferred suppliers.	✓
Supplier management and influencing.	We are beginning to work with suppliers who have approached us on improving their performance in the area of Corporate Responsibility.	In progress
Reporting on supply chain impact in future Social Impact Reports.	Inclusion of Suppliers section in Social Impact Report.	✓

OUR SUPPLY CHAIN

Our supply chain involves approximately 10,000 suppliers, covering a broad spectrum of companies in all industries, from large multinational firms to small locally operated businesses. Our supply chain delivers goods and services with an annual value of around \$2 billion. It is also highly concentrated, with around 80% of the annual spending absorbed by the top 100 suppliers.

We award business on merit and seek to secure products and services on the most appropriate terms. Competing vendors are assessed by a Request for Proposal (RFP) process which considers price, quality, delivery and other pre-established criteria, variously weighed depending on the nature of the goods, service or solution being sourced. We then engage successful vendors as our suppliers.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

As a service business we recognise that many of our social, ethical and environmental impacts reside as much in our supply chain as within our business. We aim to take a leadership position in promoting sustainable business practices by working with our suppliers to positively influence our mutual social, ethical and environmental performance.

Specifically we seek to ensure that our suppliers:

- are aware of the specific environmental, social and ethical issues and risks and opportunities of relevance to their operations and products;
- have management systems in place to address these issues, risks and opportunities; and
- deliver effective performance management and improvement through these systems.

We strive for continual improvement in corporate responsibility and our supply chain policies and practices will evolve over time based on feedback from

our stakeholders. Our full Sustainable Supply Chain Management (SSCM) policy and guidance notes are available on our website @ www.westpac.com.au under the 'Westpac info' tab.

ACCOUNTING FOR SUPPLIER PERFORMANCE

Our aim is to ensure that our supply chain processes are transparent to all suppliers and other stakeholders. As a result, our assessment process is based wherever possible on comprehensive, unambiguous criteria designed to encompass relevant aspects of business practice and to be applicable to all businesses, consistent with the special consideration required by groups such as SME suppliers, and by local sourcing and supplier diversity objectives.

We assign weightings to the social, ethical and environmental performance of our suppliers within the sourcing process. We set minimum standards where appropriate and will simultaneously work with our suppliers to improve mutual performance. We also use Global Reporting Initiative (GRI) indicators where applicable as the basis for monitoring those performance issues we raise with suppliers.

We will not negatively screen vendors, nor do we immediately bar current suppliers based on their social, ethical and environmental performance. We intend to work with suppliers to improve performance in accordance with pre-approved timeframes. We will also take reasonable steps through audits, independent compliance databases, third party verification and similar processes, to ensure both the accuracy of information provided and remediation of underlying performance.

Failure to meet negotiated performance standards within an agreed timeframe will generally lead to termination of the business relationship, subject to legal obligations.

We also take into account our economic impact on the supplier and their reliance on Westpac, including potential unintended consequences such as anti-competitive effects and inequitable outcomes so as not to disadvantage any supplier groups (SME suppliers, for example). This continues to be a challenging issue in terms of implementation.

THE POLICY IN PRACTICE

We initially surveyed the social, ethical and environmental performance of our top 104 suppliers as a priority, owing to the concentration of our total spending within this group. Of these top 104 suppliers, 82 organisations, or 78%, responded to our survey, covering 91% of our spend surveyed. Overall, this means that 62% of our total supplier spending has been assessed against social, ethical and environmental criteria.

The performance of suppliers was mixed, and we are still working to determine appropriate levels of certification. The application of our Sustainable Supply Chain Management approach has also thrown up some interesting and unexpected responses. A number of suppliers who had not previously incorporated social, ethical or environmental considerations into their business activities, have sought assistance to begin tackling their own sustainability issues. We are now working to develop a resource guide for suppliers looking to improve their performance, and to help them establish relationships with the many stakeholder organisations who have assisted Westpac in adopting a Total Responsibility Approach.

NEXT STEPS

Our Sustainable Supply Chain Management policy and guidance notes will be sent to all vendors at the Request for Information (RFI) stage to alert them to the social, ethical and environmental factors we take into account in our sourcing decisions. We will then seek detailed information tailored to the product or service category from potential suppliers at the Request for Proposal (RFP) stage. We assess social, ethical and environmental performance at the same time as other sourcing criteria.

The performance of all other current suppliers will be assessed incrementally through the contract renewal process. The sourcing decision to retain a supplier will then depend upon supplier performance against our social, ethical and environmental criteria in addition to standard assessment criteria.

Our initial focus is Westpac's direct suppliers. Moving forward we intend to help these suppliers engage and influence their own upstream suppliers.

TO DO - 2004

OBJECTIVES

- Develop a resource guide for suppliers looking to improve their performance.
- Embed SSCM within all RFP and RFI procedures.
- Formalise a Supplier Forum to strengthen the relationship with, and between, our key suppliers.

ASPIRATION TARGET

- Increase the survey response rate within our top 100 suppliers to 100%.

New Zealand and Pacific Banking

We have been operating in New Zealand and the Pacific since the mid-1800s. This year for the first time, we begin to report on our social impacts.

NEW ZEALAND BANKING

This year, we marked the beginning of a new stage in Westpac New Zealand's 143-year history, by embarking on the Corporate Responsibility journey.

We began by inviting people to talk to us and gathered New Zealanders from all walks of life, with different incomes, outlooks, cultural links and political affiliations and asked them an unexpected but vital question: What do you expect from a bank?

The result of this dialogue is 'I Never Knew You Cared', a report which challenges us to think about our economic, environmental and social impacts in the New Zealand community, and how we can do things differently. We have included some snapshots from the report here as an introduction to Westpac in New Zealand, while the full report can be found @ www.westpac.co.nz under the 'About us' tab.

Importantly, 'I Never Knew You Cared' paves the way for Westpac New Zealand's first Social Impact Report to be published in the second half of 2004.

Call me loyal – Recruiting and retaining talented staff

People of intelligence and integrity (no matter how loyally inclined) don't fall for brainwashing and rhetoric. For our people to believe in corporate responsibility it has to start with being a good employer.

Our staff in New Zealand cover a wide cross-section of the community – of the 1,218 staff who have so far volunteered

their details on our staff diversity register, 82% are New Zealand born, 7% claim Maori descent and 20% are over 45. As at 30 September 2003, we employed 4,343 full-time, 1,011 part-time, 60 on contract and 494 casual employees.

Our responsibility is to empower our employees with the right training and clearly communicated leadership.

In 2003, the Equal Opportunities Trust awarded Westpac joint first prize in the large organisation section of its Work and Life Awards.

The Green Piece – Environmental issues are big business

It is not how you apologise for being big but how you consume less, be more efficient and less resource intensive. Consequently, in 2002 we began measuring our greenhouse gas emissions using the EBEX21 system. Within the reporting period our total greenhouse gas emissions saved was 109 tonnes of CO₂ emissions.

During the power crisis in 2003, we were able to save 9% of our normal electricity usage. Staff throughout the country outdid themselves to save power and over seven weeks we stopped 45 tonnes of greenhouse gases going into the atmosphere – and saved \$35,000 in the process. But taking account of environmental impact is not about crisis management, so when the crisis ended we decided to continue to aim for ongoing energy savings.

We have also applied a little lateral long-term thinking to these issues. Since December 2002, a Westpac

team has been working with the not-for-profit Computer Access New Zealand (CANZ) to recycle our old and surplus computer equipment and onsell it, reliable, warranted and at low prices to schools and community groups. As at March 2004, more than 2,902 PCs and monitors had been distributed through this program.

Westpac is a member of the Energy Efficiency & Conservation Authority (EECA) and is also a member of the New Zealand Business Council for Sustainable Development (NZBCSD), and the Sustainable Business Network.

The iwi in kiwi – Recognising and supporting the Maori economy

Venture capital is not common in New Zealand but it is what a lot of very good Maori ideas need to become reality and get results. We know the problems that Maori face in getting financial backing for their ideas when what they have to offer is cash up front, perhaps from a Treaty settlement from the Treaty of Waitangi. We believe that these settlements can and should be seen as having potential benefit for the entire New Zealand economy.

Westpac supports the idea of a new body to act as a go-between for good Maori ideas on one side and the requirements of traditional lenders like banks on the other. So long as it was seen as professional and appropriate by both sides, a body like this could match expectations of money, manage relationships and buffer risk while building financial capacity within the Maori community.

PACIFIC BANKING

Westpac Pacific Banking extends across eight Pacific countries – the Cook Islands, Fiji, Niue, Samoa, Solomon Islands, Kingdom of Tonga, Vanuatu and Papua New Guinea. Westpac has been operating in Fiji for over 100 years and has been present in Papua New Guinea since 1910.

The inherent diversity across eight countries, each with their own unique social and cultural characteristics, makes it immensely challenging to begin measuring and reporting on specific sustainability indicators. As a result, we will be progressively introducing the supporting systems and processes necessary for ongoing social and environmental reporting on our operations in the Pacific.

Additional information on our operations in the Pacific can be found @ www.westpac.com.au in the 'Global Locations' menu under the 'Westpac info' tab.

Our staff in the Pacific

We employ more than 1,100 people in our Pacific Banking operations, of which 96% are local residents of the countries in which we operate. For this reason, it remains particularly important to ensure that we are capturing the feedback of our employees in the Pacific in applying appropriate employment policies and practices.

In 2003, 90% of Pacific Banking employees completed the Staff Perspectives Survey. This survey indicated that employee commitment increased by 3% during the year. Previously, employees had noted that communications within regional operations could be improved. As a result in early 2003, we launched a quarterly newsletter, Pacific Banking News, to provide updates on the latest developments for employees, customers and community initiatives within Pacific Banking. Employees have responded very positively to the newsletter.

Customer initiatives

During the reporting period, we have undertaken a number of significant customer initiatives which have also had significant repercussions for local financial infrastructure within each of the countries in which we operate.

We have undertaken major system upgrades in four countries to support the implementation of EFTPOS and ATMs. This included the urgent installation of an ATM in Honiara to meet the needs of the 2,000 Australian peacekeepers who were deployed to the Solomon Islands in July 2003. In addition, the rollout of Internet banking in the Pacific commenced in 2003 and is now operational in all countries except Niue and the Solomon Islands.

In the local community

There are two aspects to our community involvement activities in Pacific Banking – localised staff volunteering activities and wider capacity building in business skills and corporate governance.

In June 2003, we were proud to sponsor and participate in a Corporate Governance summit held in Samoa. This summit was jointly conducted by the Samoan Government and the Chamber of Commerce and was attended by around 250 participants from academia, business, government and including the Prime Minister of Samoa.

Our staff are very active in their local communities and are proud to support a wide range of local community initiatives.



I NEVER
KNEW
YOU
CARED

Finance and Governance

For Westpac, as with all companies, our overriding responsibility is to conduct a financially sound and well governed business. In 2003, we've been able to deliver another strong and balanced profit result and gain recognition for our governance practices.



FINANCIAL PERFORMANCE

We have integrated our recent wealth management acquisitions and achieved additional synergy benefits while remaining focused on the performance of our existing franchise. The result is net profit attributable to equity holders of \$2,183 million and cash earnings of \$2,271 million.

Key financial results of our 2003 results, compared to our 2002 underlying results excluding significant items, were:

- net profit attributable to equity holders of \$2,183 million, up 9%;
- cash earnings of \$2,271 million, up 10%;
- cash earnings per share of 124.5 cents, up 9%;
- cash earnings return on average ordinary equity cash basis of 21%;
- economic profit up 15%; and
- strong capital position with Tier 1 at 7.2% and Adjusted Common Equity (ACE) at 5%.

Directors determined to pay a final dividend of 40 cents per ordinary share (fully franked) taking our full year dividend to 78 cents (fully franked), an increase of 11% on 2002 dividends. The dividend payout ratio was 63% of cash earnings and our franking capacity remains strong. We have delivered a quality result in 2003 against a backdrop of a difficult world economy and weak equity markets.

We are now well positioned to meet our financial goals in 2004. More information on our full year financial results are available on our website @ www.westpac.com.au under the 'Westpac info' tab.

OUR APPROACH TO CORPORATE GOVERNANCE

Our approach is to consider corporate governance within the broader framework of corporate responsibility and regulatory oversight. Corporate governance is primarily concerned with the set of relationships between a company's management, board and shareholders. It is a system by which the company is directed and managed; how objectives are set and achieved; how risk is monitored and assessed and how performance is optimised. There is no doubt that a company's level of governance and responsibility is increasingly seen as a significant indicator of its overall health as a business.

Over the past year, we have been monitoring and reviewing a number of significant developments in contemporary thinking about corporate governance principles and processes, both in Australia and overseas.

In the international arena, these have included the US Sarbanes-Oxley Act of 2002 and consequential Securities and Exchange Commission (SEC) rules; the New York Stock Exchange Corporate Governance Rule Proposals; the Higgs Report (UK) on the role and effectiveness of non-executive directors; and the New Zealand Exchange Ltd proposed

listing rule changes and Corporate Governance Best Practice Code.

In Australia, we have examined the 'Principles of Good Corporate Governance and Best Practice Recommendations' published in March 2003 by the Australian Stock Exchange Ltd's Corporate Governance Council, the Commonwealth Government's CLERP 9 proposals and the Australian Standard AS8000 Good Governance Principles.

COMPLIANCE WITH ASX BEST PRACTICE RECOMMENDATIONS

Within our 2003 Concise Annual Report, we published a full statement disclosing the extent to which we have followed the 28 ASX best practice recommendations. We consider our governance practices to comply with 27 of the best practice recommendations.

Following the release of our Corporate Governance Statement, Westpac was one of six companies in Australia to be recognised by the ASX for special recognition in reporting against the Corporate Governance Council's Principles. Westpac was also one of 22 companies globally to receive a score of 10.0, the highest possible rating, in the Governance Metrics International corporate governance review of 2,100 companies worldwide, undertaken in 2003.

Our full Corporate Governance statement is available on our website under the 'Westpac info' tab @ www.westpac.com.au

A large, stylized graphic of the number 27/28, where the numbers are formed by thick, hand-drawn black lines. The 27 and 28 are positioned on either side of a vertical slash, all contained within a faint, light-colored rectangular border.

Westpac Group Limited
2003 Annual Report

THE BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board Charter clearly defines the roles and responsibilities of the Board, as well as those matters reserved for the Board and those that the Board delegates to management. The Board has a broad range of financial and other skills, experience and expertise to meet its objectives. The current Board composition, including details on individual Directors' backgrounds are set out on pages 34-35 of the 2003 Concise Annual Report.

There are currently five Board Committees whose procedures and powers are governed by the Westpac Constitution and the relevant Committee charter. These include:

- Board Audit and Compliance Committee;
- Board Credit and Market Risk Committee;
- Board Nominations Committee;
- Board Remuneration Committee; and
- Board Social Responsibility Committee.

More information on the roles and composition of each committee is available in the Corporate Governance Statement within the 2003 Concise Annual Report.

AUDIT GOVERNANCE AND INDEPENDENCE

We continually monitor local and overseas developments and our practices are reviewed accordingly. While we note that best practice in financial and audit governance is changing rapidly, we are committed to three basic principles:

- Westpac must produce true and fair financial reports;
- our accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies; and
- external auditors are independent and serve shareholder interests by ensuring that shareholders know our true financial position.

Our independent external auditor was appointed by shareholders at the 2002 Annual General Meeting in accordance with the provisions of the Corporations Act. The Board Audit and Compliance Committee requires the external auditor to confirm that they have maintained their independence and Westpac's external auditor gives quarterly assurance to both the Board and the Board Committee that they have complied with the independence standards promulgated by local and overseas regulators and professional bodies. The Board Audit and Compliance Committee periodically meets with the financial auditors separately.

The Board has adopted a policy that the lead signing and review audit partner's responsibilities can be performed by the same person for no longer than five years. We also require a minimum five-year 'cooling off' period before an audit partner is allowed back onto the audit team.

Our external auditor attends the annual general meeting and is available to answer shareholder questions directly. More information on our audit governance and independence is available in the Corporate Governance section of our 2003 Concise Annual Report and through our website.

CONTROLLING AND MANAGING RISK

The Board is responsible for approving and reviewing Westpac's risk management strategy and policy, and our approach is to identify, assess and control the risks which affect our business. Our Core Risk Principles link our vision and values, objectives and strategies and procedures and training and are set out in the publication 'Risk Management at Westpac'. We recognise three main types of risk to our business:

- Specific Credit Risk Principles are structured around four themes – understanding the customer and transaction, managing the risks, measuring risk-adjusted returns and independent checking.

- Market Risk and the risk to earnings from changes in market factors such as interest and foreign exchange rates, or our liquidity and funding profiles.
- Operational Risk arising from inadequate or failed internal processes, people and systems or from external events.

Because these risk categories are interlinked, we take an integrated approach to managing them. More information on our risk management framework is detailed in the Corporate Governance Statement within our 2003 Concise Annual Report and is available on our website @ www.westpac.com.au

SOCIAL, ETHICAL AND ENVIRONMENTAL RISK

Social, ethical and environmental (SEE) risk management is clearly emerging as an area of good governance integral to our business operations. Overall, we see three major areas of impact emerging:

- climate change risk – the need to manage risks associated with the impact of hidden greenhouse gas liabilities and carbon costs for projects and borrowers in an increasingly carbon-constrained marketplace;
- social risk – representing a coalescence of reputational issues and other micro-social issues into overall management of our impact in the community; and
- transparency – continuing demands for increased transparency around reporting on social, ethical and environmental factors in Product Disclosure Statements (for example recently released guidelines by Australian Securities Investments Commission (ASIC) for investment products).

In response to these concerns, in June 2003, Westpac was one of 10 banks globally to commit to adoption of the Equator Principles. These principles aim to help financial institutions to determine, assess and manage environmental and social risk in project financing. More information on environmental risk and the Equator Principles can be found on page 37 in the Environmental section of this report.

Following our adoption of the principles, Westpac Group Risk, under the oversight of the Board Social Responsibility Committee, has undertaken a wider review of the incorporation of social, environmental and ethical considerations in all of our risk policies and procedures. From this review, a number of recommendations have emerged which are currently being implemented.

REMUNERATION FRAMEWORK

We have a robust framework in place to ensure that the level and composition of remuneration is sufficient and reasonable and explicitly linked to performance. Details of the framework and policies and practices are set out in the Directors' Report on pages 49 to 52 of the 2003 Concise Annual Report. This includes a description of the broad structure and objectives of the remuneration philosophy and the measures used to continually link reward to performance.

THE CODE OF CONDUCT AND OTHER RESPONSIBILITY CODES

Westpac's Code of Conduct applies to all Directors, executives, management and employees without exception. The Code governs workplace and human resources practices, risk management and legal compliance, and is aligned to our core values of teamwork, integrity and performance.

Our Social Charter 'We believe in...' outlines our commitment to behave in an ethical and responsible manner at all times. The charter provides details of what our stakeholders can expect from us in the key areas of governance and ethical conduct; marketplace practices; human rights and employee practices; occupational health and safety; community involvement; the environment; and financial controls and risk management. It is the foundation upon which we base our social impact reporting and is available publicly on our website @ www.westpac.com.au

In 2003, Westpac developed a 'Code of Accounting Practices and Financial Reporting' in response to the requirement of the Sarbanes-Oxley Act that companies establish a Code of Ethics for their CEO and principal financial officers. This is also available on the Corporate Governance page of our website.

During the reporting period we fully complied with the 1993 Code of Banking Practice. We also have a supporting series of responsibility policies and codes including:

- Anti Money Laundering Policy;
- Conflicts of Interest Policy;
- Insider Trading Policy;
- Market Disclosure Policy; and
- Privacy Policy.

These are all publicly available on the Corporate Governance page of our website. As at 1 June 2004, we were also compliant with the revised Code of Banking Practice.

OUR INDIRECT ECONOMIC IMPACTS

Call centre movements and consolidation

In late 2002, we announced a change to our call centre strategy with a move towards fewer, larger Contact Centres across the country.

This change in strategy will see an increase in our total call centre capacity over the next three years from almost 1,500 to over 2,000 roles across the country. As part of the strategy, a new facility will open in Brisbane with 140 additional jobs to be created, a second site will be opened in Launceston with an additional 300 jobs created, and we also have a new presence in Perth creating 250 new jobs by October 2003.

Call centre functions will gradually be migrated to the new contact centres over a three-year period. Employees affected by the movements will be assisted with reskilling and new job opportunities, where possible, to transfer to other positions within Westpac. In Melbourne and Sydney during this period, we closed a number of centres and transferred approximately 510 jobs to new centres. Staffing levels at affected centres will also be managed down through natural staff turnover.

New corporate headquarters

In March 2003, we announced that Westpac will be consolidating 10 CBD office sites in Sydney into two locations, including the construction of a new 33 storey building. The new 74,000 sqm premises will be developed by Leighton properties at the northern end of Darling Harbour. Westpac will sign a 12-year lease on the building with three, six-year options. Currently a car park, the site is bounded by Kent, Erskine, Napoleon and Sussex Streets.

The new building, scheduled to be opened in 2006, will include a retail bank, childcare facilities, food court, native park and will be a green site with a four star sustainable energy rating. We will report further on progress in our next impact report.



Factpac for 2003

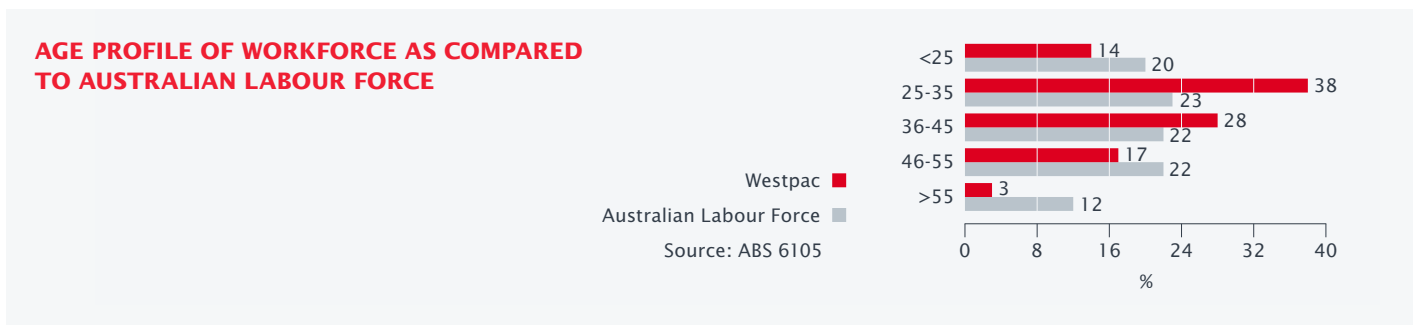
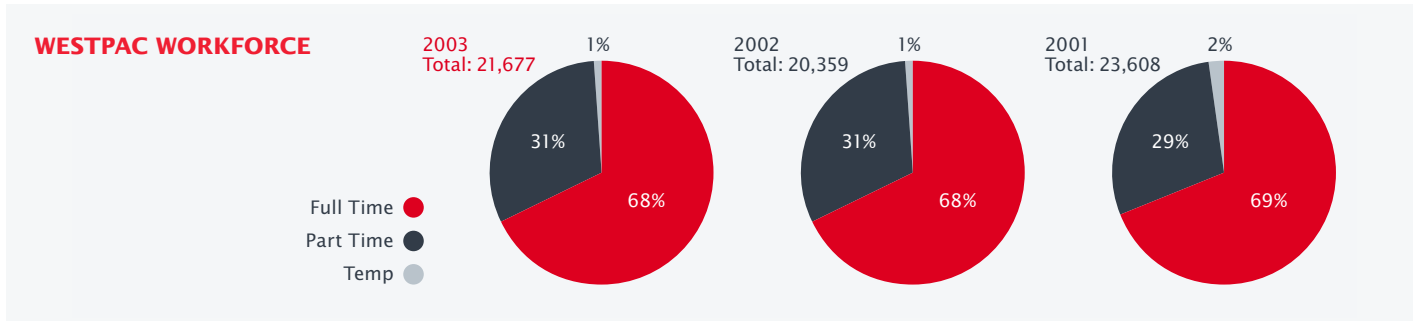
Factpac index

Employees	62
Customers	65
Environment	68
Community involvement	70
Financial	71
New Zealand and Pacific Banking	73

In order to make our report more accessible and easier to navigate, we have consolidated much of our key performance data within this factpac. It includes data on our performance against key performance indicators from the Global Reporting Initiative 2002 Guidelines, SPI-Finance, EPI-Finance, the Global Compact and as requested by our key Australian and New Zealand stakeholders. Further information is available in our annual report, and policies and practices are published on our website @ www.westpac.com.au

Employees

Westpac Australia, year to 30 September 2003, unless otherwise stated.



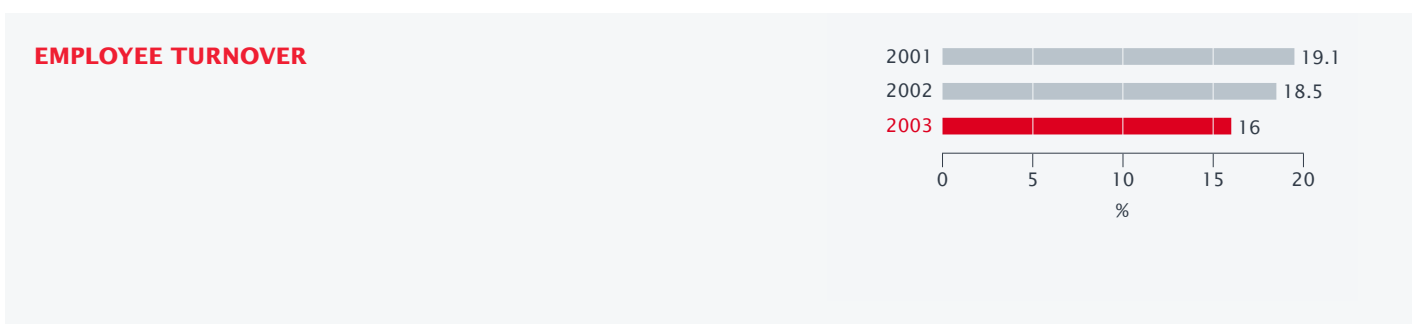
GENDER AND AGE PROFILE

Age Group	2003		2002		2001	
	Female %	Male %	Female %	Male %	Female %	Male %
<25	11	11	15	14	13	12
26-35	37	37	35	35	39	38
36-45	29	31	28	30	28	30
46-55	19	17	19	17	18	17
>55	4	4	3	4	3	4

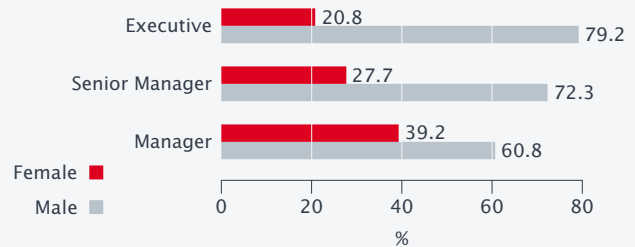
MALE/FEMALE SALARY COMPARISONS

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

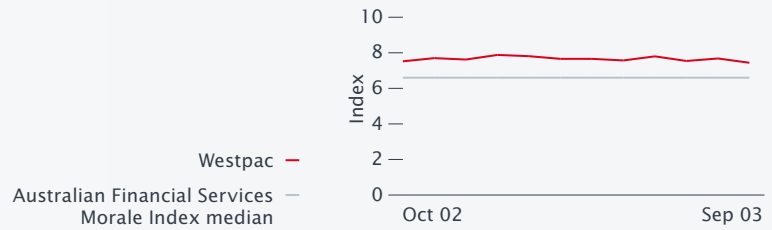
Management level	Average salary			
	Male		Female	
	2003	2002	2003	2002
Executive	\$288,964	\$323,640	\$303,260	\$321,688
Management	\$85,880	\$89,120	\$76,299	\$75,363
Non-management	\$39,444	\$37,645	\$36,592	\$34,896



WOMEN IN MANAGEMENT



EMPLOYEE MORALE

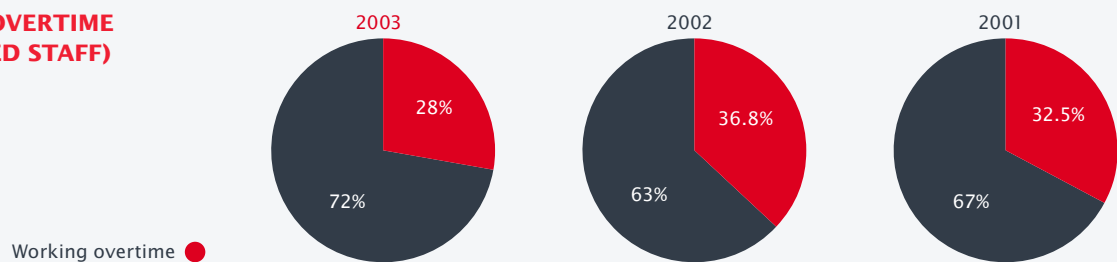


EMPLOYEE SATISFACTION

Data obtained from annual Staff Perspectives Survey.

	% favourable		
	2003	2002	2001
Employee Commitment	65	65	61
Community/Social	86	87	90
Work Life Balance	60	60	68
Communication Culture	60	61	65
Training & Development	64	67	63
Job Security	66	64	54
Remuneration & Benefits	37	40	44

STAFF DOING OVERTIME (NON-PACKAGED STAFF)



AVERAGE OVERTIME WORKED AS % OF STANDARD HOURS

Staff group	Overtime as % of standard hours		
	2003	2002	2001
Employees doing overtime	8.6	8.5	11.8
All employees	1.5	1.1	1.4

Employees continued

Westpac Australia, year to 30 September 2003, unless otherwise stated.

ACCUMULATED ANNUAL LEAVE

Does not include BT Financial Group.

	2003		2002		2001	
	No.	%	No.	%	No.	%
<4 weeks	13,167	63	12,885	64	14,638	61
≥4 & ≤8 weeks	5,863	28	5,476	27	7,737	32
>8 weeks	1,764	8	1,721	9	1,744	7
Total	20,794	100	20,082	100	24,119	100

NUMBER OF EMPLOYEES ACCESSING PAID PARENTAL LEAVE

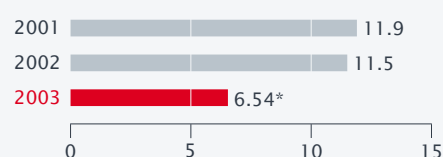
	2003	2002	2001	2000	1999
Number	1,077	1,050	1,026	1,101	1,146

UTILISATION OF WESTPAC CHILDCARE CENTRES

	No. of families			No. of children		
	2003	2002	2001	2003	2002	2001
Kids on Bond (Sydney CBD NSW)	21	19	33	25	23	38
Kids @ Kent (Sydney CBD NSW)	40	34		49	44	
Little Gantry (Concord West NSW)	90	92		105	108	
Bank of Melbourne (South Melbourne VIC)	63	59	49	76	71	62
Science Park (Bedford Park, SA)	32	29		41	37	
Total	249	233	82	296	283	100

LOST TIME INJURY FREQUENCY RATE

Injuries per one million hours worked.



*2003 rate calculated using Australian Standard 1885.1, whereby commuting claims are no longer included.

EMPLOYEES ACCESSING EXTERNAL TRAINING

	2003	2002
No. of employees	654	697
\$ Value	1.7m	1.7m

Customers

CONSUMER BANKING

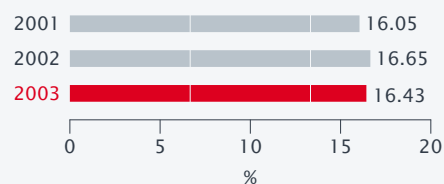
	Customers (million)	
	2003	2002
Australia	6.1	6.0
New Zealand	1.3	1.3
Other	0.3	0.2
Total	7.7	7.5

DISTRIBUTION POINTS

	Branches		Internet customers (million)		ATMs	
	2003	2002	2003	2002	2003	2002
Australia	812	806	1.8	1.5	1,587	1,552
New Zealand	200	200	0.3	0.2	480	484
Other	57	51	0.3	0.2	38	13
Total	1,069	1,057	4.2	3.4	2,105	2,049

LOW INCOME ACCESS

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



AFFORDABILITY OF TRANSACTIONAL SERVICES

Pension status	Average fees paid as a % of pension					
	2003	Basic account		2001	Deeming account	
		2002	2001		2003	2002
Single	0.08	0.09	0.10	0.07	0.08	0.11
Couple	0.05	0.05	0.06	0.04	0.05	0.07

CREDIT OVERCOMMITMENT

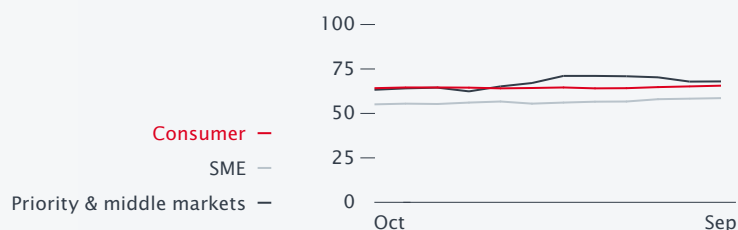
	Proportion of accounts overdue ≥90 days (%)		
	2003	2002	2001
Mortgages	0.17	0.23	0.27
Cards	0.4	0.42	0.4

Customers continued

Westpac Australia, year to 30 September 2003, unless otherwise stated.

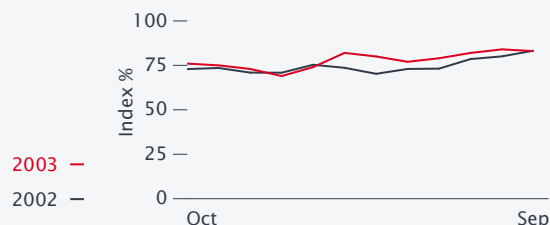
CUSTOMER SATISFACTION

Data shows rolling four quarter average.



COMPLAINTS RESOLUTION RATES

Percentage of complaints resolved within five days.



COMPLAINTS TYPE

	%	
	2003	2002
Commercial & business	6	6
Information & advice	23	16
Fees, charges & interest rates	17	17
Process & procedure	29	34
Staff service quality	27	27

BANKING AND FINANCIAL SERVICES OMBUDSMAN (BFSO) DISPUTE RESOLUTION

	%		
	2003	2002	2001
Resolved with customer	84	85	84
BFSO investigation but resolved with customer	14	13	14
Required a BFSO recommendation	2	2	2

BUSINESS LENDING PROFILE

	% of business lending			% of business lending	
	2003	2002		2003	2002
Transport	4	2	Retail	16	14
Travel & tourism	6	8	Wholesale	6	5
Forestry & agriculture	11	11	Chemical, minerals & machinery	<1	<1
Finance	9	8	Professional services	9	1
Housing, education welfare & leisure	5	6	Real estate	23	28
Construction	4	3	Other	7	14
			Total	100	100

BUSINESS LENDING WITH A HIGH SOCIAL BENEFIT (HSB)

	%	
	2003	2002
SME lending as % of total business lending	26	25
Lending to businesses with outstandings <\$5m*	75	75

*Not reported previously.

COUNTRY PROFILE OF INSTITUTIONAL BANKING ACTIVITIES

Country income classification*	% of total customers			% of total exposures		
	2003	2002	2001	2003	2002	2001
Low	0.37	0.76	0.21	0.15	0.5	0.14
Low-middle	0.37	0.76	0.07	0.2	0.47	0.04
Middle-upper	0.19	1.02	0.21	0.12	0.44	0.13
High	99.07	97.46	99.51	99.53	98.59	99.70

*World Bank classification.

INSURANCE COMPLAINTS

	General insurance			Life & risk insurance	
	2003	2002		2003	2002
Number of claims	32,578	32,969	Number of policies	281,866	335,757
Number of complaints	186	265	Number of complaints	1,570	1,749
% of complaints	0.6	0.8	% of complaints	0.6	0.5

ASSET MANAGEMENT WITH A HIGH SOCIAL BENEFIT

	\$m		
	2003	2002	2001
Assets under management	36,953	35,392	22,441
Superannuation funds (ex-SRI funds)	13,804	15,617	11,172
SRI	197	232	84
% of total with HSB	37	44	50

INSTITUTIONAL LENDING WITH A HIGH SOCIAL BENEFIT

	2003	2002	2001*
High Social Benefit	\$2.7bn	\$2.4bn	\$3.8bn
Total exposures	\$15.2bn	\$16.3bn	\$16.7bn
HSB as % of total	18%	15%	23%

*Figures as corrected.

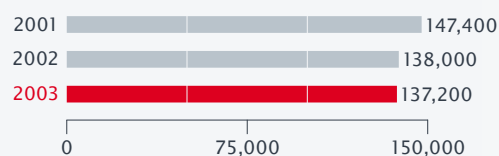
The definitional framework for 'high social benefit' has been reviewed and additional criteria subsequently applied.

Environment

Westpac Australia, year to 30 September 2003, unless otherwise stated.

TOTAL GREENHOUSE GAS EMISSIONS

Equivalent tonnes of CO₂ emissions.



EMISSIONS SOURCE

Equivalent tonnes of CO₂ emissions.

Emissions source	2003	2002	2001
Energy	127,200	119,200	126,500
Car fleet	3,600	6,400	4,200
Paper	6,400	12,400	16,700
Total	137,200	138,000	147,400

ECO PERFORMANCE RATIOS

Equivalent tonnes of CO₂ emissions.

Emissions ratios	2003	2002	2001
CO ₂ /person	6.6	7.4	6.7
CO ₂ /M ²	0.2	0.2	0.2
CO ₂ paper/person	0.3	0.7	0.8
CO ₂ car fleet/vehicle	4.1	6.3	5.4

ENERGY USAGE

	Unit	2003	2002	2001
Energy – electricity	MWh	117,400	112,300	118,700
MWh/person	MWh	5.6	6.0	5.4
Energy – gas	GJ	31,200	34,800	34,400

PAPER USAGE

	Unit	2003	2002	2001
Paper consumption	tonnes	5,230	5,500	7,000
Paper consumption	t/person	0.25	0.29	0.32
Recycled paper	tonnes	2,900	1,100	1,000
Copying paper	sheets/person	9,300	12,000	11,400

CAR FLEET USAGE

	Unit	2003	2002	2001
Fuel consumption – LPG	kl	1,349	1,000	28
Fuel consumption	kl/vehicle	2.4	3.1	0.2
Fuel consumption – petrol	kl	434	1,600	1,850
Fuel consumption	kl/vehicle	1.3	2.3	2.6
km travelled	km	12,900,000	15,545,000	34,461,000

WATER USAGE

Water consumption figures have been estimated and have not been verified.

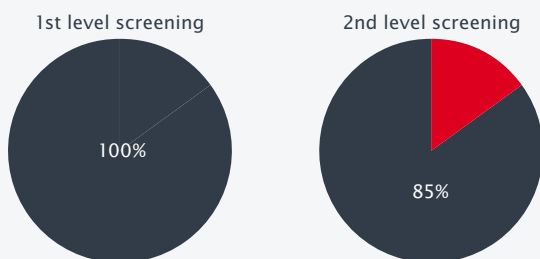
	Unit	2003	2002*
Water consumption	Kilolitres	202,432	263,000
Building area	sqm	585,519	255,000
Water/sqm	kl/sqm	0.3	1.0

*Building area comprises 46% of total space.

LENDING WITH A HIGH ENVIRONMENTAL BENEFIT (HEB)

	Business banking			Institutional banking		
	2003	2002	2001	2003	2002	2001
Total lending \$bn	32	27	26	15.2	16.3	16.7
HEB \$bn	0.15	0.13	0.06	2.2	1.41	0.25
% of Total	0.5	0.5	0.2	14.6	8.6	1.5

ENVIRONMENTAL SCREENING OF INSTITUTIONAL LENDING



ASSETS UNDER GREEN MANAGEMENT

	2003
Assets under management	\$41,376m
Assets under green management	\$28.4m
Percentage of assets under green management	0.07%

Community Involvement

Westpac Australia, year to 30 September 2003, unless otherwise stated.

COMMUNITY CONTRIBUTIONS AS A PERCENTAGE OF PRE-TAX PROFITS

	2003	2002	2001
Total excluding commercial sponsorships	1.3%	1.2%	1.1%
Total community involvement	1.6%	1.4%	1.5%

COMMUNITY CONTRIBUTIONS

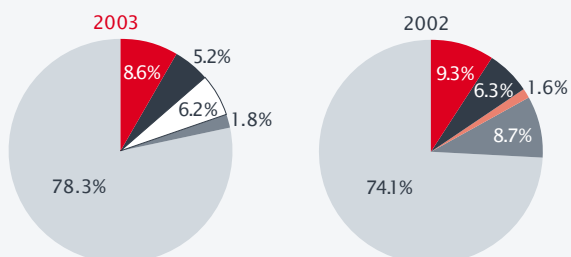
Area of involvement	\$m			%		
	2003	2002	2001	2003	2002	2001
Charitable gifts	1.2	1.6	1.3	3	5	5
Community investment	25.9	19.8	15.1	71	66	56
Eco projects	0.3	0.3	0.3	1	1	1
In-kind	1.6	1.7	2.1	4	6	8
Management costs	1.5	1.3	1.0	4	4	4
Commercial sponsorships	6.1	5.5	7.1	17	18	26
Total	36.6	30.2	26.9	100	100	100

BREAKDOWN OF COMMUNITY INVESTMENT

Financial inclusion figures incorporate social safety net services and access.

Categories of community investment in 2003 have been redefined to reflect recent extensions in our community involvement program.

- Rescue services ●
- Indigenous services ●
- Capacity building ○
- Education and life skills ●
- Numeracy and money skills ●
- Financial inclusion ●



EMPLOYEE COMMUNITY INVOLVEMENT

	2003	2002
Volunteer days logged	4,180	4,919*
Employee donations	\$721,324	\$637,738
Employee support	86%	87%

Period Feb to Jan.

*Figures extrapolated from six month base.

INTERNAL & EXTERNAL AUDITS

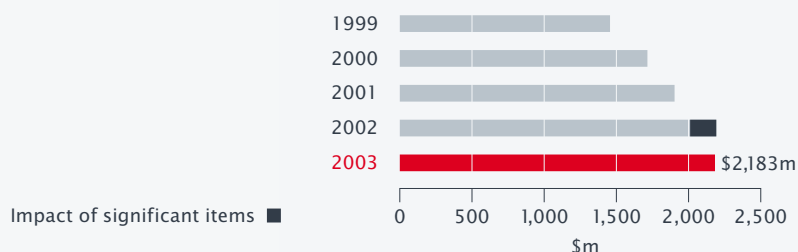
689 corporate and retail sites were officially subject to an Environmental Health and Safety (EHS) audit, although all Westpac points of presence are subject to the same systems and processes.

	2003		2002		2001	
	No.	Hours	No.	Hours	No.	Hours
All internal group audit	151	72,156	149	61,463	161	67,579
Internal OHS audit	25	950	8	486	7	512
External OHS audit	8	874	8	509	8	656
External enviro audit	1	87	1	97	1	88
Internal enviro audit	689	n/a	1	50	n/a	n/a
Internal audit opinions	129	23,303	121	n/a	109	n/a

Financial

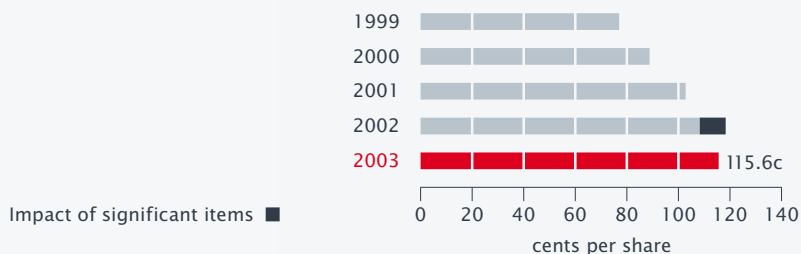
PROFIT

Operating profit after tax attributable to shareholders.



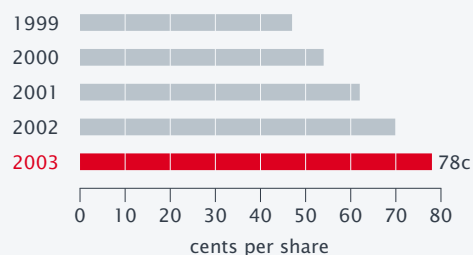
EARNINGS

Earnings per share.



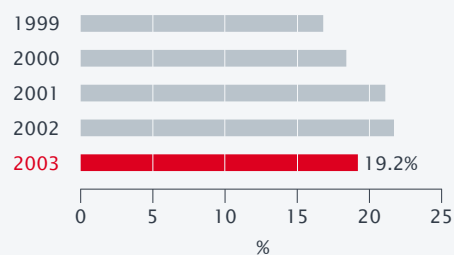
DIVIDENDS

Dividends per ordinary share.



RETURN

Return on average ordinary equity.



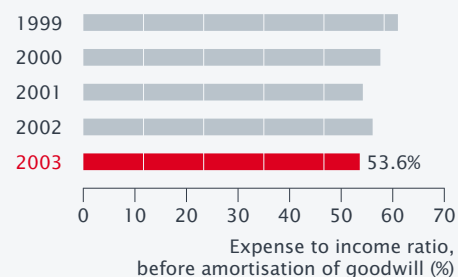
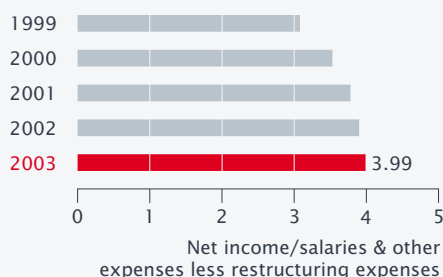
SHARE PRICE TO NET TANGIBLE ASSETS

Per share as at 30 September.

	2003	2002	2001	2000	1999
Share price \$	16.20	13.85	13.29	12.75	9.45
Net tangible assets \$	4.97	4.56	4.28	3.96	3.71
Ratio	3.26	3.04	3.11	3.22	2.55

Financial continued

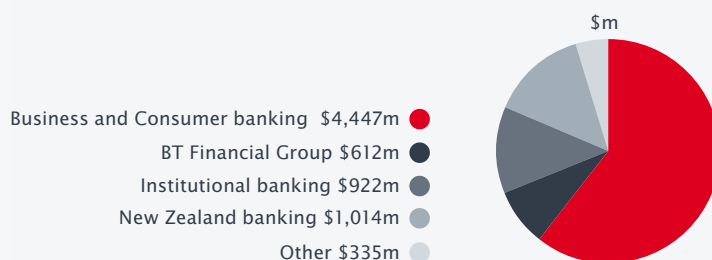
STAFF PRODUCTIVITY AND EFFICIENCY



PROFIT AND ASSETS BY REGION



OPERATING INCOME BY KEY BUSINESS UNIT



VALUE GENERATION

	\$m		
	2003	2002	2001
Net interest income	4,344	4,285	4,200
Commissions & services net income	1,836	1,706	1,605
Trading operations net income	267	223	274
Life insurance & fund management net income	746	330	524
Other income	137	719	134
Net operating income	7,330	7,263	6,737
Suppliers & non-salary input cost	-2,005	-2,076	-1,771
Gross value add	5,325	5,187	4,966

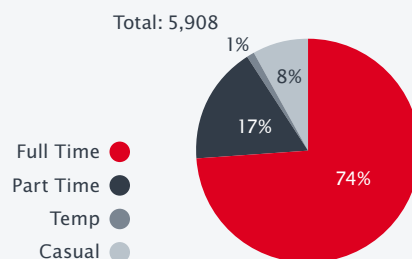
VALUE DISTRIBUTION

The 2003 dividend figure used in this report, \$1,429, reflects the amount paid out as dividend or identified as dividends to be paid out of profits derived during the year. This figure differs from that reported in the 2003 annual financial report of the bank as, with effect from 1 October 2002, the Bank adopted a new Australian Accounting Standard relating to how dividends are recognised and treated. This only recognises those dividends that have been paid or declared, determined or publicly recommended by the Directors on or before the end of the financial year.

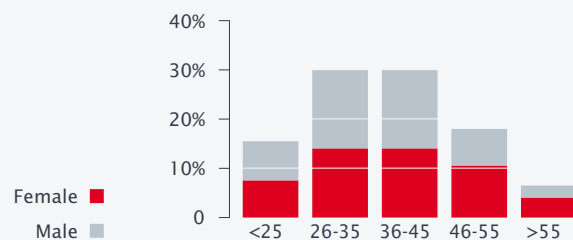
	\$m		
	2003	2002	2001
Dividends	1,429	1,319	1,162
Retained profit	762	878	746
Taxes	728	610	826
Salaries & bonuses	1,471	1,516	1,379
Social charge	37	30	27
Depreciation & write-offs	898	834	826
Gross value distributed	5,325	5,187	4,966

New Zealand and Pacific Banking

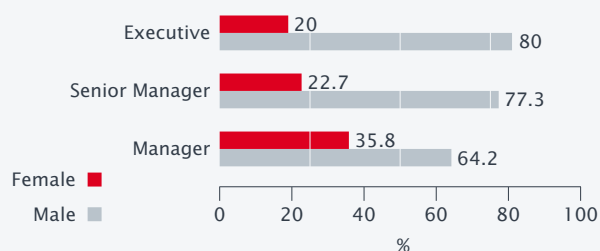
NEW ZEALAND WORKFORCE



GENDER AND AGE PROFILE



WOMEN IN MANAGEMENT



EMPLOYEE SATISFACTION

Data obtained from annual Staff Perspectives Survey.

	% favourable	
	2003	2002
Community/Social	91	93
Work Life Balance	70	69
Communication Culture	64	64
Training & Development	60	66
Job Security	71	76
Remuneration & Benefits	50	52

DISTRIBUTION POINTS

Branches		Internet customers		ATM's	
2003	2002	2003	2002	2003	2002
200	200	208,404	258,545	480	500

New Zealand and Pacific Banking

COMPLAINTS TYPE

Figures do not include complaints lodged at branches.

	%
	<u>2003</u>
Commercial & business	10
Information & advice	17
Fees, charges & interest rates	17
Process & procedure	22
Staff service quality	<u>34</u>

BUSINESS LENDING PROFILE

	% of business lending		% of business lending
	<u>2003</u>		<u>2003</u>
Transport	3	Retail	7
Forestry & agriculture	24	Wholesale	7
Finance	2	Real estate	34
Housing, education welfare & leisure	5	Other	14
Construction	4	Total	100

COMMUNITY CONTRIBUTIONS AS A PERCENTAGE OF PRE-TAX PROFITS

	<u>2003</u>
Total excluding commercial sponsorships	0.6%
Total community involvement	<u>0.8%</u>

PACIFIC BANKING KEY DATA

Branches	<u>57</u>
ATMs	38
Customers	200,000
Employees	1,123
Total assets	<u>\$1.0bn</u>

PACIFIC EMPLOYEE SATISFACTION

Data obtained from annual Staff Perspectives Survey.

	% favourable
	<u>2003</u>
Community/Social	91
Work Life Balance	72
Communication Culture	79
Training & Development	65
Job Security	66
Remuneration & Benefits	<u>47</u>

Social Assurance Statement for 2004

WESTPAC AND CORPORATE RESPONSIBILITY

To Westpac Stakeholders

Our assurance process provides an opinion on two aspects of Westpac's approach to corporate responsibility:

- Westpac's Social Impact Report (SIR) 2004; and
- Selected underlying organisational processes and systems that manage corporate responsibility performance.

Westpac is responsible for the SIR's content and commissioned Banarra Sustainability and Social Assurance to conduct this assurance. Our opinion results from a comprehensive methodology based on the AA1000 Assurance Standard and principles. Access a full version of this statement and more detailed methodology @ www.westpac.com.au

OBJECTIVES AND SCOPE

Our objectives were: subject the SIR to a rigorous assurance process, including verification of its data and claims; test selected Westpac processes and systems; and identify opportunities for improvements.

We examined the following SIR sections: The Emerging Agenda, Customers, Employees, Social, Suppliers, New Zealand, non-financial aspects of Economic; and all the data charts relating to Australia and New Zealand. We did not examine information relevant to Pacific Banking, nor all statements within the case studies. Our testing of the selected underlying organisational processes and systems was stakeholder-guided as described below.

SUMMARY OF APPROACH

To reach our conclusions on the SIR we risk-ranked all claims and data and tested them against the AA1000 Assurance Standard principles by creating evidential audit trails, investigating assumptions and procedures for generating data, and interviewing a selection of those responsible for originating the claims and data.

To reach our conclusions on selected underlying organisational processes and systems we developed a stakeholder issues register by taking a number of steps including interviewing external stakeholders and scanning publicly

available information sources for Westpac issues. We were then guided in our internal investigations by the stakeholder identified issues.

KEY FINDINGS

Below are our findings against the three AA1000 principles of materiality, completeness and responsiveness and our final conclusions.

Materiality

Westpac's SIR utilises indicators from the Global Reporting Initiative, SPI-Finance 2002 and EPI-Finance 2000. Westpac is also an active participant in these initiatives and associated stakeholder processes. In addition, the SIR includes specific indicators developed with Australian stakeholders in 2002 and the Global Compact principles. Feedback on the first two reports and input from the Community Consultative Council in early 2004 was taken into account in framing this report.

Of the 42 stakeholder issues we identified, all but two are included in the SIR. Therefore we conclude that Westpac's reporting framework and current materiality processes are effective.

While testing selected systems and processes it was demonstrated by Westpac management that they consider a wide range of corporate responsibility issues and stakeholder perspectives in their decision making.

We observed that Westpac is formalising corporate responsibility objective setting and decision making. We recommend that Westpac further consider how these newly formalised processes can be utilised in framing future SIRs.

Completeness

Our two-person audit team verified 201 claims and 38 data charts. The total time spent on this verification and the wider assurance process was 279 hours (excluding New Zealand). Where data was verified, the assumptions made in producing the data were tested to ensure completeness.

We identified areas in the draft report where Westpac could have provided a more complete account for stakeholders. These were raised with Westpac during the process and were addressed.

In the generation of certain data sets, inconsistencies were identified and corrected. We recommend the further formalisation of the data generation process to ensure future consistency.

We examined a selection of Westpac's existing processes for understanding its corporate responsibility issues and impacts and believe them to be effective, while at times informal or unstructured. We observed Westpac putting in place a structured stakeholder engagement framework and formalising its approach to reputational risk management both of which will augment current processes.

Responsiveness

We believe Westpac has responded to the issues raised by its stakeholders and has reported against these in the SIR. We tested Westpac responsiveness against 42 issues identified through our process and all of them were internally responded to and 40 are reported on.

The SIR's release is over eight months after the end of the reporting period. We recommend that Westpac releases the SIR sooner so that reporting is timelier.

SUMMARY

Based on our work we believe the SIR is a fair and accurate account of Westpac's corporate responsibility performance, including its issues, impacts and responses to stakeholder concerns during the reporting period.

We believe the selected underlying organisational processes and systems we tested were effective. We note the considerable work underway on formalising and embedding Westpac's approach to managing corporate responsibility performance.



Richard Boele
Lead Social Auditor
Banarra Sustainability and Social Assurance
Sydney, Australia
2 June, 2004



Deanna Kemp
Social Auditor

Environmental Assurance Statement

GHD was commissioned by Westpac to conduct an independent assurance of the environmental section of the 2004 Social Impact Report. The data and statements covered the period 1st October 2002 to 30th September 2003.

SCOPE OF WORK

The scope of our assessment was to: verify the environmental data and claims in the Report, in accordance with AA 1000 Assurance Standard and principles; and identify areas for improvement.

We examined the following sections of the Report: Highlights; Environment Case Study; Environment section; Suppliers section; Factpac for 2003; and general environmental claims made throughout the report.

The assessment was limited to data and claims made for Westpac's Australian operations. New Zealand and Pacific Banking information was not reviewed.

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.

DATA COLLECTION PROCEDURES

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 reasonable. Improvements have been made in documenting the methodology used, such as for lending with a high environmental benefit.

DATA VERIFICATION

The data, data presentation, methodology, calculations and assumptions were correct, based on information available for the reporting period. Any data errors detected have been corrected in the final report.

There is considerable uncertainty regarding the completeness of the water use data. Therefore, water use data has not been verified for the reporting period.

Much of the numerical environmental information is derived by Westpac suppliers. We have relied on baseline information from third party suppliers. We have not independently audited the suppliers' data collection procedures. However, this is recommended as part of the sustainable supply chain management supplier performance assessment for future years.

The auditor reviewed the environmental sections of Westpac's Report against the three AA 1000 principles of materiality, completeness and responsiveness:

Materiality

The Report presents a fair representation of the material aspects of Westpac's environmental performance for the 2002-2003 period. Reporting qualitative data on additional environmental parameters, such as waste recycling, would further enhance reporting. No misrepresentations were noted. Further context to numerical data is required to allow stakeholders to obtain a balanced view of how Westpac is performing compared to its peers/ competitors.

Completeness

Westpac has identified and understood its material aspects. Ongoing improvements are being made by Westpac in considering its supply chain management environmental impacts, and more complete and accurate data capture.

Responsiveness

Stakeholders expressed the opinion that Westpac's environmental reporting was meeting their requirements, and that Westpac has been responsive to stakeholder concerns in the past. There are a number of new and emerging stakeholder concerns/ issues that Westpac should consider and address (detailed in the full statement).

SUMMARY

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

INDEPENDENCE

GHD confirms that the audit team is independent from Westpac Banking Corporation.

FULL STATEMENT

A more detailed version of this statement, including scope of work, methodology, findings, recommendations, assessment against AA 1000, statement of independence and details of auditors can be found @ www.westpac.com.au



Sue Trahair

Lead Environmental Auditor,
GHD Pty Ltd, Sydney

July 2004

Financial audit report to the members of Westpac Banking Corporation

AUDIT OPINION

In our opinion the numeric data, set out on pages 71 and 72 of the Financial Section of the Westpac Social Impact Report for the year ended 30 September 2003, is consistent with the following information from which it has been extracted:

- the Group's (defined below) audited financial statements for the year ended 30 September 2003
- US Securities & Exchange Commission Form 20-F for the year ended 30 September 2003
- unaudited Australian Stock Exchange (ASX) announcements for the year ended 30 September 2003 and half-year ended 31 March 2004
- 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 71 and 72 of the Financial Section of the Westpac Social Impact Report (the Report) for the financial year ended 30 September 2003 is the responsibility of, and has been approved by, the Directors of Westpac Banking Corporation. The Report covers the policies, practices and performance of Westpac Banking Corporation and the entities it controlled (the Group) during the financial year ended 30 September 2003.

The auditor's role and work

We conducted an independent audit of the numeric data contained within pages 71 and 72 of the Report (the Numeric Data) in order to express an opinion on it to the members of Westpac Banking Corporation. Our role was to conduct an audit of the Numeric Data, in accordance with Australian Auditing Standards, to ensure the Numeric Data is consistent with the Group's audited financial statements for the year ended 30 September 2003, US Securities & Exchange Commission Form 20-F for the year ended 30 September 2003, unaudited ASX announcements for the year ended 30 September 2003 and half-year ended 31 March 2004 and information contained in unaudited reports prepared by Westpac Banking Corporation management. 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 procedures to assess whether, in all material respects, the Numeric Data presents a view which is consistent with our understanding of the Group's financial position, and its performance as represented by the results of its operations and cash flows. The audit procedures included:

- examining evidence to support amounts of the Numeric Data to the Group's audited financial statements for the year ended 30 September 2003, US Securities & Exchange Commission Form 20-F for the year ended 30 September 2003, unaudited ASX announcements for the year ended 30 September 2003 and half-year ended 31 March 2004 and unaudited reports prepared by Westpac Banking Corporation management
- 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.



PricewaterhouseCoopers



Ian Hammond

Partner
Sydney, Australia
2 July 2004

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 banking 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: Acknowledgement 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 based 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 a 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

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.

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.

EPI-Finance 2000 and SPI-Finance 2002: Environmental and Social Performance Indicators developed for the 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.

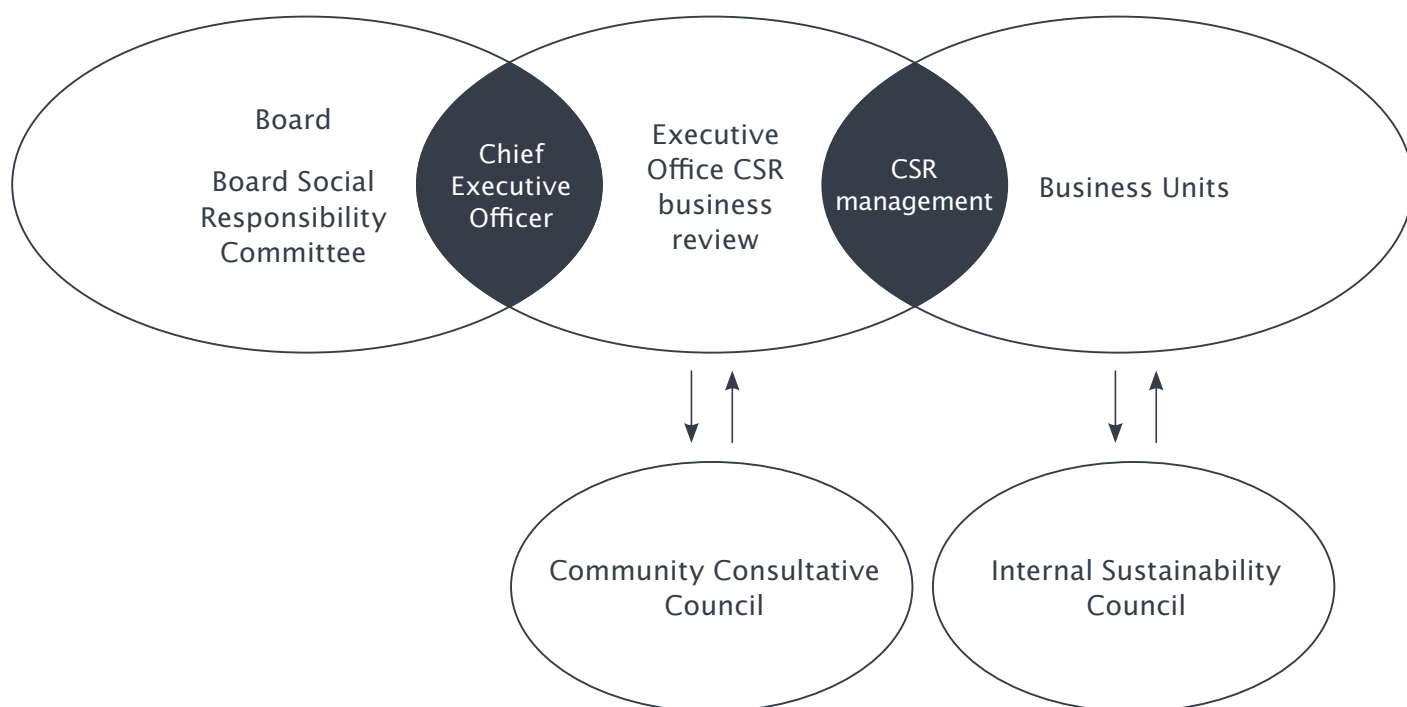
Stakeholder dialogue: Consultation programs designed to seek the views of all interested parties on a particular issue. The objective is to reach, to the extent possible, a consensus view of the appropriate management of that issue.

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 the environment, labour standards and human rights. www.globalcompact.org

VFU: Widely adopted environmental indicators for measuring the in-house ecological performance of financial institutions. www.vfu.de/indicators

Corporate social responsibility governance structure



Contact us

For further information please phone +61 2 9216 0922 or go to www.westpac.com.au or contact:

Corporate responsibility and sustainability

Geraldine Skinner:
Head of Corporate Responsibility & Sustainability,
Email: gskinner@westpac.com.au

Emma Herd:
Senior Adviser, Corporate Responsibility & Sustainability,
Email: eherd@westpac.com.au

Tim Williams:
Senior Adviser, Corporate Responsibility & Sustainability,
Email: twilliams@westpac.com.au

Community involvement

Samantha Brown:
Head of Community Involvement
Email: samanthabrown@westpac.com.au

Regional banking

Graham Paterson:
Head of Regional Community Partnerships
Email: gpaterson@westpac.com.au

Financial inclusion and responsible lending

Keryn Myers:
Head of Responsible Lending
Email: kmyers@westpac.com.au

Investor relations

Andrew Bowden:
Head of Investor Relations
Email: andrewbowden@westpac.com.au

Socially Responsible Investment (SRI)

Stuart Dodd:
Head of Institutional Business
Email: stuart.dodd@btfinancialgroup.com

European Representation

Martin Hancock:
Chief Operating Officer – Europe
Email: mhancock@westpac.com.au

Your opinion counts

Please fax to +61 2 9226 3533 or complete online at www.westpac.com.au

1. Please indicate which group(s) you belong to:

Employee	<input type="checkbox"/>
Customer	<input type="checkbox"/>
Community	<input type="checkbox"/>
Environment	<input type="checkbox"/>
Shareholder	<input type="checkbox"/>
Supplier	<input type="checkbox"/>
Other (Please state)	<input type="checkbox"/>

2. Which sections of the report did you find the most useful:

Our business	<input type="checkbox"/>
Employees	<input type="checkbox"/>
Customers	<input type="checkbox"/>
Environment	<input type="checkbox"/>
Social	<input type="checkbox"/>
Suppliers	<input type="checkbox"/>
Finance and governance	<input type="checkbox"/>
NZ and Pacific Banking	<input type="checkbox"/>
Factpac	<input type="checkbox"/>

3. What issues or areas of our performance would you like Westpac to focus on or provide more information on?

4. Overall, how would you rate our report in terms of:

Detail and content

good fair poor

Comprehension and readability

good fair poor

5. Any questions or comments?:

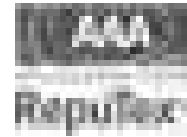
Sustainability Ratings



Ranked number 1 in the global banking sector, for the second year in a row, by the Dow Jones Sustainability Index.



One of 22 companies to score 10.0 (the highest rating) and only Australian company to do so.



Ranked number 1 against Australia's top 100 companies and the only company to receive a AAA rating.



Awarded BEST IN CLASS status by Storebrand Investments and ranked number 1 overall out of the 94 global banks rated.



FTSE4Good
Included in the international ethical index FTSE4Good.



Corporate Monitor
Top rating of five stars for social and environmental performance and four stars for corporate governance.



Ranked 3rd globally in the banking sector by Oekom Corporate Responsibility Rating.



On a scale ranging from C to AAA Westpac received an AA in the sustainability assessment of Zürcher Kantonalbank.



Included in the Belgian Ethibel Sustainability Index Global, established in July 2002.

We support



World Business Council for Sustainable Development





This document is printed on Tudor RP which is produced from 100% recycled waste and Australian made.
The mill has achieved environmental accreditation under ISO 14001.