

# tomorrow

## SECURING THE FUTURE

Facing the facts  
on finance, climate  
and community



REPORT 2007



# Helping to save lives

For over 30 years, Westpac has partnered with Westpac Life Saver Rescue Helicopter Services in Queensland and New South Wales. Westpac also supports services in South Australia and Tasmania and beach patrol planes in Victoria.

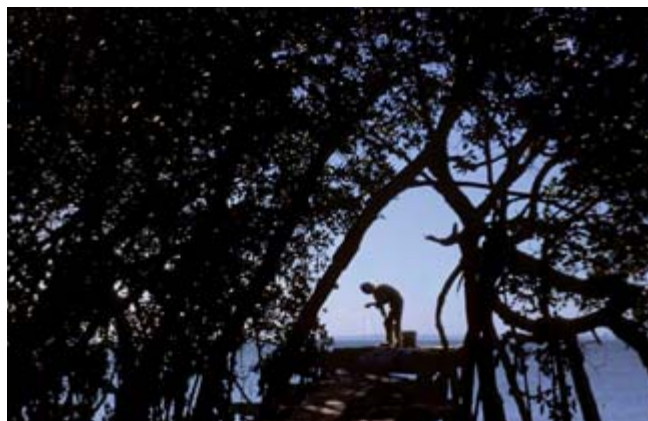
[www.westpac.com.au](http://www.westpac.com.au)







We have neutralised all carbon emissions associated with our annual reporting.



## A changing climate

John Connor discusses the new business reality. **Page 28**



## Helping hand

Noel Pearson on engaging with Indigenous Australians. **Page 36**



## Finding the sweet spot

Tackling the challenges of workplace flexibility. **Page 12**



## The drought

Understanding the impact on regional towns. **Page 18**



## Sustainable supply

Building a sustainable supply chain. **Page 42**

**Chairman and CEO**  
Page 2

**Governance matters**  
Page 8

**Employees**  
Page 10

**Customers**  
Page 16

**Environment**  
Page 26

**Social**  
Page 34

**Suppliers**  
Page 40

**New Zealand**  
Page 46

**Pacific Banking**  
Page 54

**Factpac**  
Page 60

**Assurance statement**  
Page 76

**KPI Index**  
Page 78

## From the Chairman and the CEO

# What is old is new again

These days sustainability is all pervasive. Climate change, drought, the war for talent, and reputation are just some of the new business priorities.



For us, corporate responsibility and sustainability is simply a proxy for good management. It's all about total performance management – creating value by managing the full array of risks and opportunities.

Sustainability is certainly a relentless taskmaster – and with new areas of focus arising and demanding our attention, we run the risk of failing to recognise the slow wave of fundamental change.

Bill Gates has said that we always overestimate how much will change in the next three years, but underestimate how much will change over the next 10 years. Ten years is a lifetime in terms of the average tenure of a Chairman or CEO; an eternity for capital markets focused on daily timeframes; but of questionable significance in the life of a 191 year old organisation.

About a decade ago our starting point was to experience first hand what happens when a business moves out of alignment with community expectations. We have made great strides since then in terms of embedding responsible business practice across the business and extracting shareholder value from fully managing our risks and opportunities.

The world has also moved on significantly over that time. Climate change has galvanised debate and public opinion has surely shifted to the point where the shareholder primacy principle is challenged whenever the interests of other stakeholders are compromised. Capitalism makes no claim to providing an equitable distribution of income and wealth, but it's nonsense to think you can put walls around a corporation and that narrow self-interest is sustainable.

Also significant is that capital markets now accept that sustainability performance is material to financial outcomes, as demonstrated by the rapid uptake of initiatives like the UN Principles for Responsible Investment (UN PRI).

Turning to the next ten years, it is clear that sustainability is a source of creative disruption that challenges our existing business models. That's why we are making the necessary changes to avoid being caught in the wedge between the short and the long term, and to step up to meet the new challenges.

More broadly, while financial accounting and reporting and valuation models do not adequately embrace sustainability performance, critical value drivers will be overlooked or undervalued by management and the market – and true organisational sustainability will remain some way off as a widely embraced concept.

Finally, it will be people, not technology itself, that challenge the status quo and drive the step-change required. Sustainability takes leaders out of their comfort zone. It requires a capacity to reflect and acknowledge you don't have all the answers; that there is no blueprint.

We have come to understand that sustainability is not a program, nor even a set of priorities. It must be an overarching management approach. In our terms: managing long, that is for the long term not the short term; managing broad, in the sense of meeting the legitimate needs of all stakeholders; and managing around a set of values. We do not run the company for today's market or for the short term – as ultimately, the only returns that matter are long term.



It has been a momentous last ten years of our long journey. One where we have again needed to seriously consider the purpose of business and the nature and survival of things that we all tend to take for granted. But in the context of Australia's oldest company, it has been a period which has marked a return to the fundamental values that have sustained us since our early colonial birth. So in that sense, what is old is new again.

**Ted Evans AO**  
Chairman

**David Morgan**  
Chief Executive Officer

# Contributors

**This year, we invited several thought leaders to provide their perspective on key issues impacting our business.**

- 1 Paul Lee** is Director of UK-based Hermes Equity Ownership Service and a director of the local Regnan Governance Research and Engagement.
- 2 Leon Carter** is National Secretary of the FSU, the union representing workers in Australia's financial services industry.
- 3 Paul Fisher** is a Chartered Accountant and Director of Boyce Chartered Accountants – a Westpac business customer based in regional Australia.
- 4 John Connor** is CEO of the Climate Institute, an independent group working with community, business and government to drive climate change solutions.
- 5 Noel Pearson** is the Director of the Cape York Institute for Policy and Leadership, a body that drives new public policy directions on Indigenous issues.
- 6 Kelvin O'Connor** is Chief Information Officer for Henry Davis York Lawyers, a Westpac supplier who participated in our pilot sustainable supplier verification process.
- 7 Diane Robertson** is CEO and City Missioner with the Auckland City Mission and a member of Westpac New Zealand's Community Consultative Council.
- 8 Andrew Casidy** is General Secretary for FINSEC, the union representing workers in New Zealand's finance industry.
- 9 Diane McFadzien** is WWF International's Asia Pacific Policy Initiative coordinator, and was awarded the IUCN award for outstanding women in climate change for her work in the Pacific.

The commentary by the contributors in no way represents an endorsement of Westpac or the contents of this report.



# Who we are



We were founded in 1817 and were the first company and the first bank established in Australia. We have been part of the community in New Zealand since 1861.

BT Financial Group has been helping Australians create and manage wealth since 1969 and has been part of the Westpac Group since 2002.

We are one of the major banking organisations throughout Australia, New Zealand and the Pacific region, with offices in key financial centres – New York, London and Asia. We provide a broad range of banking and financial services in these markets.

## Key financial features

Our profitability underpins everything we do. Our strategy is continuing to deliver consistent year-on-year financial performance. Key financial features of our 2007 results, were:

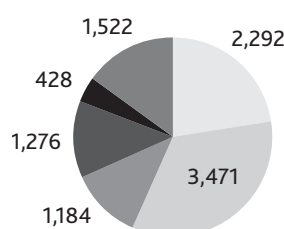
- Net profit attributable to equity holders of \$3,451 million;
- Earnings per share of 186.9 cents;
- Return on equity of 23.5%;
- Total assets of \$376 billion; and
- Group Tier 1 capital ratio at 6.5%.

This result leaves us well placed to meet our financial goals in 2008.

## Our business profile

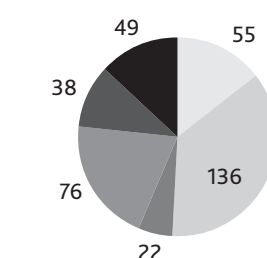


Operating income by key business unit (\$m)



Total = 10,173

Assets by key business unit (\$bn)

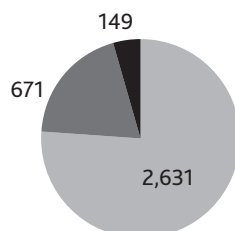


Total = 375

## Our regional profile

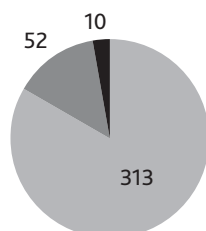


Profit by region (\$m)



Total = 3,451

Assets by region (\$bn)



Total = 375

## Our footprint

Employees by business unit <sup>1</sup>	2007	2006
Business Financial Services	3,448	3,119
Consumer Financial Services	9,092	8,664
BT Financial Group	3,005	2,895
Westpac Institutional Bank	1,683	1,558
New Zealand Banking	4,538	4,952
Business and Technology Solutions & Services	4,289	4,127
Pacific Banking	1,104	1,075
Head Office Functions & Other	859	834
<b>Total</b>	<b>28,018</b>	<b>27,224</b>

<sup>1</sup> The number of employees includes core and implied full time equivalent (FTE) staff. Core FTE includes overtime and pro-rata part time staff. Implied FTE includes temporary and contract staff.

Customers <sup>1</sup> (million)	2007	2006
Australia	5.4	5.4
New Zealand	1.5	1.4
Other	0.2	0.2
<b>Total</b>	<b>7.1</b>	<b>7.0</b>

<sup>1</sup> All customers, primary and secondary, with an active relationship (excludes channel only and potential relationships).

Branch representation	2007	2006
Australia	825	817
New Zealand	197	196
Other	48	47
<b>Total</b>	<b>1,070</b>	<b>1,062</b>

# SIX

## Degrees of Sustainability

The six degrees of sustainability sit at the heart of our report. They help us communicate what we believe in, where we are going and how we are building value for our business and the wider community.

### 01. Philosophy (What do we believe?)

Back to basics; what we stand for and what you can expect from us. The values in the value, if you like.

### 02. Value (Why do we do it?)

Looking beyond the business case for sustainability, how what we do contributes to financial, people and environmental value.

### 03. Issues (What are their concerns?)

The heart of the matter. The issues that matter to our stakeholders and on which they expect us to respond.

### 04. Advocacy (How are we showing the way?)

Our broader responsibility to use our influence to build a more sustainable society 'beyond the walls'.

### 05. Actions (What are we doing?)

What we did in detail. Policies, programs and, in the factpac, our performance over the year.

### 06. Outcomes (How did we do?)

The scorecards. How we did against last year's objectives, together with new objectives for the current year.

# Total performance management

We believe that managing the complex and diverse Environment, Social and Governance (ESG) agenda is a strategic competence and that superior performance drives value. Strategic capabilities in ESG management can only be built over time, are hard to emulate, and confer a competitive advantage.

We see ESG management as best understood as a proxy for overall management quality, given the strong empirical correlation that has been shown with earnings quality. ESG metrics and ratings therefore can be used as an input into investor assessments of quality of management, in terms of risk management, operational performance, and value enhancement.

From a quantitative perspective, ESG metrics and ratings can be assessed more directly – as a broad investment signal, for example for earnings quality, share price performance or company valuation.

## ESG and Westpac's strategy

Our ESG strategic priorities underpin and support Westpac's core strategy. Within this, our focus is the service-value model, which links human capital management performance to customer and hence financial outcomes and which extends to brand differentiation. The casual links are now well understood after some years of conceptual modelling, refinement of operational measures and testing.

More broadly, our approach is to:

1. Embed ESG risks and opportunities within our corporate strategy;
2. Prioritise ESG objectives by materiality;
3. Establish KPIs for strategic ESG performance using existing and comparable reporting frameworks; and
4. Set long-term targets for ESG performance and report on performance.

This year ESG performance has been further woven into our DNA, from the Board's strategic oversight and governance, to the responsibilities of the Executive Office and our core strategic framework – the Business Strategy Review.

## Identifying the issues

Regular and ongoing dialogue with our stakeholders helps us to determine our priorities.

### ESG Driver

- Brand and product differentiation and enhancement
- Improved reputation and social licence to operate
- Leading employee commitment and engagement

- Enhanced innovation and creativity
- Innovation in products and business models

- Improved understanding of risk
- Workplace differentiation – employer of choice
- Reduced regulatory and other operational risk
- Enhanced operational efficiency
- Environmental performance
- Climate change management

### Strategic Focus

- #### Customer Focus
- We do best in businesses where:
- Our deep understanding of customer needs in our home markets provides the opportunity to differentiate
  - Broad value adding solutions protect margins and hold customers
  - Long term, multi-product relationships with customers drive profitability

- #### Investment Focus
- We like to invest in sectors where:
- There is strong sector growth
  - We can, or do, hold strongly competitive positions
  - There are good opportunities for differentiation
  - We have, or can attract, the talent required to succeed

- #### Execution Focus
- We are a company that:
- Seeks superior execution of our customer focused strategy by way of strong people leadership
  - Builds on effective people and performance management processes
  - Has a productive culture centred on the values of teamwork, integrity and achievement



Our flagship engagement mechanism remains the Community Consultative Council, which is pivotal in determining our material issues. The Council is chaired by Westpac's CEO and comprises the CEO or similar executives from key stakeholder organisations. The Council meets annually and the bulk of the meeting is used to solicit Council input on issues and priorities and how Westpac should respond.

Overarching themes to emerge at the last meeting in April 2007 included climate change, the convergence of sustainability issues requiring a systematic response, and the need for an acceleration of response by business. We publish a complete list of priorities identified in our ESG Report, and a detailed list of members is available on our website.

Our approach to engagement also includes internal working groups for social and environmental performance, Indigenous development, disability and accessibility, employees and suppliers.

This year we continued as Chair of the Global Steering Committee for the UN Environment Program Finance Initiative (UNEP FI) and to actively participate in the Equator Principles Review Process, the Global Reporting Initiative, the Society for Knowledge Economics, the Global Compact and the Caux Round Table, among others.

### Our approach to reporting

Full details of our financial performance are set out in the Westpac 2007 Annual Report, with summary information in Westpac's 2007 Annual Review. Alongside the Stakeholder Impact Report, these three reports detail our total performance.

In 2007, we have moved to more of a Group-wide report, incorporating New Zealand and Pacific Banking. Following recommendations from our assurance provider, this report also includes performance against our Ask Once Commitments, amalgamating the stand alone customer report published in 2006.

We have also published a more targeted ESG Report for investors, which sets out Westpac's performance against key ESG metrics and progress against objectives, along with a snapshot of the major stakeholder issues and concerns.

The Global Reporting Initiative (GRI) G3 remains our foundation framework and includes the pilot G3 Finance Sector Supplement. We continue to contribute to the development and road-testing of this sector supplement.

These frameworks are complemented with additional indicators material to our local stakeholders. We also report detailed climate change data via the Carbon Disclosure Project and Australian Greenhouse Challenge Plus.

Further information on specific initiatives and our approach to managing sustainability issues is also available at [www.westpac.com.au/corporateresponsibility](http://www.westpac.com.au/corporateresponsibility)

### Assurance and verification

We apply a comprehensive, independent assurance and verification process, applying the AA1000 Assurance Standard to both the report data and claims and the underlying systems and processes. In 2007, Westpac has moved to a Group-wide assurance process, incorporating Australia, New Zealand and our operations in the Pacific.

# Reality bites

## Understanding long term value and sustainability.

Institutional investment is changing. The underlying beneficial owners of assets – in Australia, predominantly the super funds – are asserting their role and beginning to insist on a more long-term investment perspective, and with knock-on effects for companies.

Perhaps the clearest measure of change is the speed with which the UN Principles for Responsible Investment (UN PRI) has gained support and traction internationally, now signed by 200 asset owners with more than US\$10 trillion in assets. The nearly 40 Australian signatories include ARIA, Australian Super, Hesta, UniSuper, VicSuper and VFMC.

These institutions have signed up to six deceptively simple propositions, which in practice signal a revolution in investment management. Signatories agree to make ESG issues a core part of their activities as asset owners and investors, integrating ESG performance into the investment process.

In effect, signatories are committed to invest on a much more sustainable basis, taking into account the longer-term environmental and social impacts of their investment, and looking at good corporate governance as a driver of long-term returns.

This also amounts to a fundamental change in the dialogue between investors and companies. Too often we hear complaints from companies about the short-term time horizons of their investors – and which makes no sense given that the bulk of the money invested is for retirement funding with a time horizon of decades. The UN PRI seeks to raise the eyes of the investment community from the short term, to focus on the performance which drives returns over the time-scales future pensioners need.

In turn, the debate and discussion investors have with companies will shift – to the issues which go to long-term sustainability and value – and companies will be equally encouraged to pursue business models which are sustainable for the long-term.



Paul Lee  
Director, Hermes Equity Ownership Services  
Non-executive director, Regnan – Governance Research & Engagement

# Governance matters

**Corporate governance, risk management, compliance and related issues are the backbone of ESG performance for any financial institution – and growing evidence directly links good governance and enhanced shareholder returns.**

## Corporate Governance

The main framework we report against is the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. Significantly, during the year this framework was overhauled. The revisions were in line with our views. Arguably the key development was to formally recognise that the material risks faced by business now extend well beyond financial risk to include operational; environmental; sustainability; compliance; strategic; external; ethical conduct; reputation; technological; human capital and so on. Our approach to risk management is fully set out in the Annual Report.

We consider that we comply with all revised Principles and Recommendations published in August 2007. Rather than repeat them here, our governance practices and highlights for the year are fully set out within the Corporate Governance and Remuneration Report sections of the Annual Report and at [www.westpac.com.au](http://www.westpac.com.au)

## Anti-money laundering and corruption

We continue to actively participate in the development of new anti-money laundering and counter terrorism legislation.

Group Operational Risk and Compliance operates a Group-wide process across all business units which includes assessment and reporting on the potential for incidents of corruption. Typically, corruption is understood in terms of supplier outsourcing and alliance arrangements, MIS and business processes and sabotage and fraud. Financial Crimes Control provides expert fraud management and anti-corruption support.

In late 2007 we held Westpac's first Security and Fraud Expo (SAFE) for employees, spearheading a week-long series of awareness raising activities. An updated version of Westpac's Information Security Policy and Brief was also released.

All employees, management and non-management, receive anti-corruption training on a rolling basis through our mandatory 'Doing the Right Thing' training module.

## Malpractice and code breaches

At Westpac corruption is mainly understood in terms of staff malpractice. This includes any dishonest appropriation of money or goods for financial benefit; improper conduct involving deceit or dishonesty with the objective of obtaining a material advantage; or a breach of Westpac's Code of Conduct. We are reviewing our external reporting of material breaches of the Code and broader Business Principles.

## Society and public policy

Political donations are reported in the Annual Report and publicly through the Australian Electoral Commission. There were no legal actions for anti-competitive behaviour, anti-trust and monopoly practices in the year.

## Paying our dues

How much tax an organisation pays – and why – is a legitimate question. Westpac aims to ensure that taxation is managed as both an expense and resource for the maximum benefit of our shareholders, whilst at the same time complying with taxation laws and Group Taxation policy; in short – to pay the correct amount of tax.

In either 2008 or 2009 it is expected that a new regime for the taxation of financial arrangements (TOFA) will apply to the bank. This regime will more closely align the tax treatment of many of our financial products to our accounting treatment. This change should provide several key benefits to the bank by reducing compliance and administration. Meanwhile the majority of the taxes we pay, except for Stamp Duty, are set out at [www.westpac.com.au/corporateresponsibility](http://www.westpac.com.au/corporateresponsibility)

# Performance snapshot

Strategic priority	Indicators <sup>1</sup>	2007	2006	2005	2004	2003
<b>Environment</b>						
<ul style="list-style-type: none"> <li>Improved understanding of risk</li> <li>Reduced regulatory and other operational risk</li> <li>Enhanced operational efficiency</li> <li>Environmental performance</li> <li>Climate change management</li> </ul>	CO <sub>2</sub> equivalent tonnes	109,900	110,000 <sup>2</sup>	124,500	136,400	137,200
	CO <sub>2</sub> /person	4.9	5.2	5.9	6.2	6.6
	CO <sub>2</sub> /customer	0.020	0.020	0.023	0.021	0.022
	Paper consumption sheets/person	8,900	9,600	10,100	9,500	9,300
<b>Social</b>						
<ul style="list-style-type: none"> <li>Leading employee commitment and engagement</li> </ul>	Employee turnover	17%	17%	16%	17%	16%
	Employee commitment	71%	68%	69%	68%	65%
<ul style="list-style-type: none"> <li>Workplace differentiation – employer of choice</li> </ul>	Lost time injury frequency rate	3.8	5.2	5.8	7.1	6.5
<ul style="list-style-type: none"> <li>Brand and product differentiation and enhancement</li> <li>Improved reputation and social licence to operate</li> <li>Enhanced innovation and creativity</li> <li>Innovation in products and business models</li> </ul>	Customer satisfaction Aust consumer	74%	70%	72%	69%	66%
	Customer satisfaction Aust business	72%	66%	67%	64%	60%
	Customer satisfaction NZ consumer	59%	58%	58%	55%	53%
	Customer satisfaction NZ business	56%	60%	57%	51%	n/a
	Complaints resolution rates Aust	82%	82%	83%	81%	78%
	Community contributions (m)	\$58	\$47m	\$44m	\$42m	\$37m
<b>Governance</b>						
<ul style="list-style-type: none"> <li>Reduced regulatory and other operational risk</li> <li>Improved reputation and social licence to operate</li> <li>Proxy for quality of management</li> </ul>	GovernanceMetrics International rating	10.0	10.0	10.0	10.0	9.0

<sup>1</sup> Australia only, unless otherwise indicated.

<sup>2</sup> Figure re-stated to include 2006 fourth quarter energy data not available until 2007.



# EMPLOYEES

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## PHILOSOPHY

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**We believe that people are at the heart of everything we do. We believe in building an inclusive workplace environment where flexibility, diversity and values-based behaviour is recognised and rewarded.**

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# What do we believe?



Equally important is ensuring we skill our people appropriately and provide them with career and job development.

We recognise that there are a number of challenges we face in the wider environment, now and into the future. We operate in a fiercely competitive environment with changing demographics, new ways of working that require greater flexibility and mobility, and changing expectations for the workplace.

Our people management task is to effectively manage the shifting dynamics of the modern work environment and to support the business in achieving targets and objectives for growth and a superior customer experience.

Our People Strategy for 2008-2010 sets out a number of specific work programs supporting our people to deliver in more competitive markets. Areas of focus include:

- Ensuring we deliver for the customer: attracting and retaining the right people and training them effectively to deliver to our customers' needs;
- Engaging our people for high performance: ensuring the right rewards are in place, developing leaders, facilitating career development and enhancing our focus on inclusion; and
- Building an achievement culture: creating a culture of speed, simplicity and quality results.

Further detail on our employment policies and practices are set out on our website and in 'Our Principles for Doing Business'.

## EMPLOYEES

## VALUE

# Why do we do it?



**Ilana Atlas**  
Group Executive,  
People and Performance

**In an increasingly tight labour market, we recognise that we need to be offering something special to attract and retain the best people.**

When our employees come to work they don't leave their character or their standards at the door. Rather, they expect to find that our norms approximate their own.

A new generation of workers is forcing us to think anew about management, taking us into new territory in employee participation and workplace democracy. We have learned that many of the old commands and controls simply don't work any more.

Strategic success rests increasingly on the discretionary effort of employees. To get that effort, we have to tap their emotional commitment. And this commitment can't be demanded or bought. In fact, the key to managing people today is often in not managing them – because most people will resist it. They won't let you tell them how to think.

Today in our companies we run an economic machine and a social system. Our values bind these two parts of the company together – they make the culture gel. I think we are just coming to realise that the most important values for a company – if not the only ones – are those aligned with social values.



Neville Brown, Senior Systems Analyst, BT Financial Group





## EMPLOYEES

### ISSUES

# Securing flexibility

## Sustaining best workplace practice



The capacity of an organisation to find the sweet spot between business requirements and providing flexibility to employees is becoming more critical as the race for skilled labour intensifies and the expectations of Generation X and Y grow.

Employees are increasingly looking for greater flexibility in their employment, to allow them to juggle the demands of work with other interests and needs, including family responsibilities.

Sustainable workplace flexibility must be a two-way street. It must be a give and take arrangement in which the rights and needs of both parties are respected and genuine efforts are made to meet them.

Some employers take for granted the employment relationship, overlooking the implicit imbalance of power between employer and employee. Such employers seek to maintain and reinforce management prerogative over employees and to exercise flexibility for business needs only.

These practices fail to understand the need to underpin flexibility with security of rights and conditions. They inevitably lead to unsustainable practices that create higher levels of turnover and difficulties in attracting staff.

Fundamental to building confidence from all parties in workplace flexibility is ensuring that rights are properly defined and protected in enforceable, collective workplace agreements. Far from imposing restrictions on workplace flexibility, the confidence created by such undertakings provides a springboard for greater flexibilities and a willingness to participate from employees.

The Finance Sector Union's experience of representing finance workers is that they consistently demonstrate their willingness to provide greater flexibility in their work arrangements where employers are prepared to provide security of their rights and conditions.

Our policies towards family friendly provisions, hours of work, workforce diversity, and pay and performance reflect this position.

For Westpac the opportunity exists to take a leadership position on securing flexibility in the workplace. Currently, some of Westpac's flexibility initiatives, such as job sharing, part-time work (e.g. in lending roles) and working from home, are well intentioned



## EMPLOYEES

### ADVOCACY

# Our Accessibility Action Plan

**In December 2006, we officially lodged our third Accessibility Action Plan with the Human Rights and Equal Opportunity Commission (HREOC).**

This plan builds on the steps we have already taken to provide fair and equitable access for our employees, customers, shareholders and members of the community.

Our Accessibility Action Plan outlines what we intend to do over the next two years to improve access to our products and services. It includes specific measures and objectives aimed at addressing the needs of our customers, our shareholders and deepening access to equal employment opportunities for our people.

Some of the programs to be undertaken include:

- Increasing the number of 'Talking ATMs' for the visually impaired to 600 by the end of 2008;
- New awareness training for all Westpac employees completed by February 2007;
- Redesigning the branch queuing system in refurbished branches to provide audio visual prompts;
- Working with a specialised disability recruitment supplier, to provide direct access to employment opportunities through our online careers service [Careers@Westpac](mailto:Careers@Westpac); and
- Providing Auslan interpreter services at Westpac's AGM.

We want to create a more accessible environment where all our employees can thrive. Simple measures like providing a wheelchair ramp, a screen reader, or other technical aids, can make a huge difference.

We were the first bank to develop and launch a 'Talking ATM' for people with a vision impairment. We developed and tested this facility in conjunction with a number of diverse stakeholder organisations such as the Royal Blind Society and Blind Citizens Australia. In 2005 we had just five 'Talking ATMs'. By the end of 2007, we'll have nearly 500 and in our new action plan, we've committed to consider requests to place 'Talking ATMs' in particular locations.

For people with a disability, Internet Banking can make an enormous difference and we continue to seek improvements in usability. We are also looking at a feasibility study into the use of SMS as a way of communicating with customers, particularly those with a hearing impairment.

We will continue to examine workplace policies and practices in our supply chain, and seek to positively influence accessibility issues with suppliers and work with organisations such as HREOC to raise the bar on ensuring access to banking products and services for all.

Our full Accessibility Action Plan, along with regular progress reporting, is available at [www.westpac.com.au](http://www.westpac.com.au)

policy commitments that do not necessarily connect with the practical and pressured world of their business and employees.

Part of this problem can be overcome through better communication and education of line management about the two-way benefits of flexibility in the workplace. Much more would likely be achieved by committing the initiatives in enforceable agreements that empower both employees and managers to understand and utilise them.

Flexibility can be sustainable and can be a major advantage to employers and their employees where it is genuinely recognised and secured as a two-way process. The FSU can provide a partnership approach with Westpac to achieve this outcome.



Leon Carter  
National Secretary, Finance Sector Union (FSU)

## EMPLOYEES

### ACTIONS

# What are we doing?

**Our success is fundamentally about the talents and energy of the people who choose to work here.**

### Workforce profile and diversity

We employ 22,585 people in Australia – 71% are full-time, 28% are part-time and 1% are temporary employees. Around 64% are women and 36% are men.

In our Group-wide Staff Perspectives Survey (SPS), around 52% of respondents identified themselves as coming from an ethnic or cultural background other than Australian, while 35% speak a language other than English at home. In addition, 3% self-identified as having a disability and 44% have carer responsibilities of some kind.

Communication on diversity was a particular focus. We are a major sponsor of the Don't DIS my ABILITY campaign and in December 2007 we will pilot a program to support deaf employees. Our "Doing the Right Thing" mandatory training was revised and covers disability, bullying and harassment and other discrimination.

We received the EOWA Employer of Choice for Women citation for the eleventh consecutive year. Women in management has reached 43%, up from 23% in 1997, and well above the sector average of 26%. In 2007 each business unit developed specific initiatives to further encourage women into the senior ranks.

We continue to seek opportunities to identify and retain mature age talent, recognised by an Adage Top 20 Award. Our Age Balance Strategy targets potential employees aged 45 and over, and we have recruited more than 1800 mature age people since 2002, of whom 65% are women.

Indigenous recruitment is a key component of the revised, Group-wide framework for Indigenous and Pacific Island Community involvement. Our strategy involves recruitment into vacant positions, in partnership with the Aboriginal Employment Strategy (AES); expansion of our school based trainee program; participation in the National Indigenous Cadetship Program; and retention and development of existing Indigenous employees.

We appointed 10 employees self-identifying as Indigenous, with eight finding roles in-branch. Six of the initial Indigenous school based trainees are continuing into the program's second and final year.

### Employee satisfaction

Over 24,000 employees, a record 87% Group-wide, completed the 2007 Staff Perspectives Survey. Employee commitment increased to 71%, ahead of our 70% target, placing Westpac in the top quartile of large Australian companies.

Scores improved across 13 of the 15 SPS categories with the greatest rises in flexibility, diversity and organisational change. Work processes and systems decreased by one percentage point and performance planning and appraisal stayed neutral. Key targets for 2008 include improving our IT systems and support; better matching pay to performance; and continuing to build frontline leadership.

### Work and life balance

We provide childcare for over 450 children from 360 families via our own centres, including one new centre opened in the year.

We have now waived a six-month qualifying period giving all employees access to 12 weeks paid parental leave, currently used by 1,150 employees, and up to two years unpaid. The post parental leave separation rate this year was 8% and our employees rated the return to work experience as 7.8 / 10 (10= 'brilliant').

In 2007, BT Financial Group launched the 'At Home' pilot whereby employees can take calls from customers anywhere in Australia from their own homes. We plan to extend this popular scheme.

We added flexibility to our salary sacrifice arrangements. Employees can purchase an additional four weeks of annual leave and may salary sacrifice up to 100% (70% previously) into benefits like childcare, superannuation, vehicles and computers.

We also offer retirement planning sessions covering superannuation, and flexible work options to taper off careers.

After three successive years of top ranking in the financial sector, this year we ranked top of all 282 participating organisations in Australia in the 2007 Annual Benchmarking Survey 'Work / Life Initiatives – The Way Ahead' run by Managing Work Life Balance International.

### Recruitment and retention

Our Careers@Westpac system manages internal and external recruitment and gives employees assistance on career development. Employees can flag areas of interest and receive email notification of potential job matches. This year we launched a register for job share partners or roles, and a new employee referral program, GROW, offers employees incentives and rewards for successful referrals.

We also enhanced our exit interview process, partnering with Towers Perrin to develop an online survey and reporting tool to understand attrition causes and trends.

With the introduction of a new microsite and rebranding of our graduate recruitment campaign, we saw a 23% increase in graduate applications with 6,239 applications for 132 graduate positions.

## EMPLOYEES

A second round of graduate recruitment saw a further 1800 applications received.

### Connect@Westpac

Connect@Westpac is an online tool to manage personal, team and pay information across the Westpac Group. Since launch, Connect@Westpac has managed over 4.2 million transactions, 88% of which were fully automated requiring no manual intervention.

Early technical difficulties were closed out in a phased program of work by July 2007. System stability, data accuracy and employee communication remain key priorities.

### Career and development

Westpac Academy provides the overall framework for our learning programs. The focus in 2007 was flexible delivery including podcasts and a 'borrow an ipod' scheme. We are producing a new enterprise-wide online induction module and piloted the use of virtual environments, such as Second Life, for induction, learning and development.

Our new interactive training tool, Intuition, provides access to over 350 hours of e-Learning self-study modules, and our Leadership Transition toolkit offers new leaders the knowledge, tools and resources they need for their first 90 days. We have also delivered two Career Development Expos this year.

### Westpac Enterprise Development Agreement

Westpac's Enterprise Development Agreements (EDAs) regulate various employment conditions including (for the term of the agreement) pay increases for eligible employees.

Although these agreements expired in 2004 they remain in force and cannot be changed without employees' agreement. Since the agreements expired, 4% salary increases have been paid to all eligible employees in 2004, 2005 and 2006.

In February 2007 we announced a move to "Pay for Performance" for eligible employees to assist with talent retention. Future pay increases will be based on individual performance and current level of pay.

### Occupational Health and Safety (OHS)

The focus of our health and safety program is to enable people leaders to be accountable for the care of our people, contractors and customers.

This year we reduced the Lost Time Injury Frequency Rate (LTIFR) by 26% to 3.84, and reduced the average number of days lost for each lost time injury by 18%.

We improved our safety position by managing hazards and risks and better analysis of incidents. This underpinned initiatives like Work on Safes; noise protection for call centre people; and ergonomic workstation setup. We also focused on mental health with a new intranet site and stress management seminars. We renewed our emergency response training and introduced health and safety training into employee induction.

## OUTCOMES

### How did we do?

## 2007 objectives

### Achieve employee commitment of 70%.

Top quartile performance of 71% achieved. ✓

### Resolve any outstanding issues with

**Connect@Westpac.** Technical difficulties in roll-out were closed out by July 2007. ✓

**Deliver Accessibility Action Plan.** Lodged with HREOC on 11 December 2006. ✓

### Embed Living the Values across Westpac

**Group by December 2006.** All employees assessed against Living the Values. ✓

### Reduce the Lost Time Injury Frequency

**Rate by 5%.** LTIFR reduced by over 26%, from 5.2 in 2006 to 3.8. ✓

### Respond to three key areas of focus identified in 2006 Staff Perspectives

**Survey.** Focused on development aspirations, improving change management and matching pay with performance. ✓

## 2008 objectives

- Achieve employee commitment of 72%.
- Reduce the Lost Time Injury Frequency Rate by 10% to 3.4.
- Focus on attraction and retention of women at all levels of the organisation.
- Implement Pay for Performance reward strategy.
- Respond to three key areas of focus identified in 2007 Staff Perspectives Survey, improving IT systems, pay for performance and building frontline leadership.



# CUSTOMERS

## PHILOSOPHY

**We believe in being a responsible and ethical bank and responding to the banking and finance needs of the communities in which we operate.**

# What do we believe?

Banks have always been far more than 'just another' business. Our decisions and actions have significant impacts and the way we conduct ourselves can profoundly affect the lives and economic circumstances of our customers and their families.

We recognise that we have an obligation to market our products responsibly, and ensure that all members of society have access to the banking products and services they need to live sustainably. And we strive to improve levels of financial capability in the community.

In an increasingly competitive environment, we are determined to differentiate on customer service and to promote responsible banking that every Australian can afford. It's an ongoing journey and one we are passionate about getting right as we head towards our mission of being Australia's most recommended bank.

## CUSTOMERS

### VALUE



**Mike Pratt**  
Group Executive,  
Consumer Financial Services

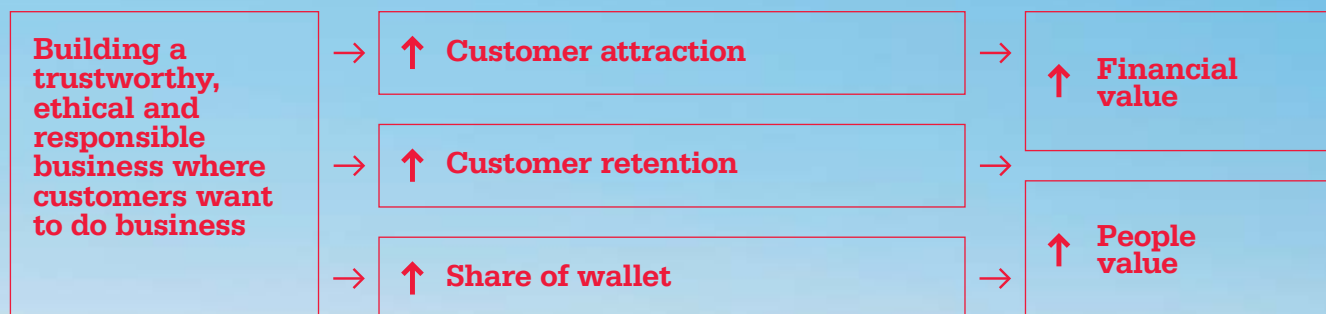
**As a career banker, starting as a bank teller in 1970, I learned early on that banks are much more than just another business. What we do can profoundly affect the lives and economic circumstances of our customers and their families.**

Access to credit can be a great liberator and part of achieving the sort of lifestyle we aspire to.

But recently with the American sub-prime market, we've seen what happens when lending institutions cut lending standards and lend irresponsibly. The flow-on effect across credit and stock markets globally has been dramatic. But the real tragedies are played out in private, with mortgage defaults and investment losses forced upon families and their communities.

More positively, we know that when it comes to financial security, people want to trust who they do business with. So we think it's entirely legitimate to use our ethical and responsibility credentials to attract and retain customers – and grow our business.

Put quite simply, customers can be overlooked in the sustainability debate, which often focuses on the broader community, the environment or other stakeholders. But they are very much centre-stage for us, because without our customers we have no business.





## CUSTOMERS

### ISSUES

As we head into the sixth year of a 'one in 100 year' drought, the impact on people who live in regional areas is difficult to comprehend by those who live elsewhere.

As a regionally based accounting firm we are seeing first hand the emotional, environmental and financial effects of this drought. The directors of Boyce Chartered Accountants and our team live in the communities in which we operate and a large proportion of our clients are either primary producers or directly dependant on them. As a result we have a unique perspective into the effect of this drought as it continues its grip.

Regional communities are facing an exodus of people – farms that used to support three or four families and generations now support just one. The success of the mining sector, the boom and bust nature of agriculture and community expectations are just three of many reasons. The ripple effect of this exodus can be felt by school closures and the loss of businesses and other services as populations decline and regional tourism wanes. People who stay struggle for employment as the opportunities for farm and other work are limited. The fact that my home town of Moree now has two practising psychologists gives one an idea of the seriousness of the impact.

Aside from the human effect of the drought, we need to consider the environmental issues of such a prolonged dry period. River

systems are struggling to cope – people are questioning how much water can sustainably be used by agricultural systems that were established during the unusually wet seasons of the second half of last century. Add to this the politics where land and water have become assets of the state but rural communities and the farmers, especially, are held responsible for managing these resources.

Many rural businesses are currently experiencing negative returns – a situation most can ill-afford because historically cashflow in agricultural enterprises is erratic. Fortunately, the impact of the drought has been cushioned by rising land values that have, to date, remained strong.

This could all spell the end for many rural communities were it not for the indomitable spirit of those who live out here. Agriculture is renowned for its efficiency gains, and this continues – drip, tape and travelling irrigation systems, crop and livestock rotation systems and soil mapping technology are great examples. The world prices for soft commodities are at an all time high. The Aboriginal Employment Strategy, developed to find meaningful, long-term employment for our Indigenous community members, has spread throughout the state with fantastic results. Events such



**“Regional communities are facing an exodus of people – farms that used to support three or four families and generations now support just one.”**

as the Music Festival at Mungindi (pop 660) have grown and become a focus for their communities.

Agriculture has always been an emotional, capital intensive, hands-on business with huge variances in cashflows. If you redefine profitability as the long term average yearly cash available for further investment or debt repayment, many farmers have always struggled. As heartbreaking as this current drought is, it will abate and our farmers will begin preparation for the next dry period. As the uncertainty of climate grows, accounting firms such as Boyce Chartered Accountants, banks and those that shape government policy have a critical role to play in helping to maintain the fabric of our regional communities.

*Paul A Fisher.*

Paul Fisher  
Director, Boyce Chartered Accountants

## CUSTOMERS

### ADVOCACY

# Deepening our commitment to responsible lending

**In pursuing our commitment of being a responsible bank, we aim to help people access and manage their money, protect their assets and plan for the future.**

Consumer debt levels have increased dramatically in recent years and related issues of financial hardship and mortgage stress have come to the fore.

Although we have not seen a significant increase in the number of overdue accounts or bankruptcies, we remain focused on these concerns and the impact on our customers.

Over the years, our commitment to responsible lending has included a dedication to strict and sensible lending criteria to ensure that we only lend what our customers can afford to repay; responsible and transparent marketing of our products and services; supporting our customers in the event of financial difficulty by providing them with information and assistance; and working to improve the financial literacy and capability of our customers and the wider community.

This year, we wanted to look forward and to get an external view on ways in which we could do even better. Accordingly, we took the step of organising a number of events aimed at better informing ourselves, the most significant being our Responsible Lending Summit, held in September 2007.

The Responsible Lending Summit drew together a diverse range of consumer, government and industry stakeholders, as well as our own employees, to discuss issues including the sustainability of current levels of indebtedness, the links between credit, indebtedness and poverty, Westpac's current approach to responsible lending and what we should look to improve.

One of the recurring themes was the need for us to be more accessible and transparent in our dealings with financial counsellors and to provide them with more information on how they can engage with us on customer issues. We are currently considering the best way to achieve this.

The Summit also provided a forum for us to articulate a number of important initiatives, including our Responsible Lending Principles and the launch of the new Westpac Assist unit.

Westpac Assist has been designed to improve our ability to help customers who are facing financial difficulty, including customers who contact us as well as those we have identified as being in danger of falling into financial difficulty. We will be contacting customers proactively to offer advice and assistance to help them keep control of their financial affairs.

## CUSTOMERS

### Our Customer Charter

#### Customers should only have to ask once

In 2005 we revised our Customer Charter and launched the Ask Once Commitments: five key commitments which set out what our customers want from us. In 2006 we published our first report on progress against these commitments – the Ask Once Commitments progress report.

This year we incorporated progress reporting back into the Stakeholder Impact Report. Our performance against these measures is set out here and in the factpac.

#### 1 Be available to me

- Open our busiest branches for extended hours and/or on Saturdays.
- Always give you the option to speak to a real person regarding general enquiries when you call 132 032.

#### 2 Don't make me wait

- Actively manage queues in branches and on the phone to serve you more quickly.
- Keep you informed of the progress of your application or purchase for home and business lending and wealth needs.

#### 3 Value me

- Treat you in a way that shows we value you banking with us.
- Consider your relationship history to provide personalised service.
- Give you the information you need to feel confident when making financial decisions.

#### 4 Don't give me the run around

- Ensure the first person you speak to is the person who takes ownership of your enquiry.

#### 5 Solve issues quickly and fairly

- Acknowledge your issues and keep you informed of the progress of its resolution.
- Recognise your relationship when dealing with an issue.

More information on our Ask Once Commitments is available at [www.westpac.com.au](http://www.westpac.com.au)

#### ACTIONS

## Living up to our promises

Our approach to improving customer experience is built around the Service-Value Chain, where engaged and committed employees with the right skills, tools and incentives drive customer satisfaction, which ultimately leads to more sustainable shareholder returns.

We employ a number of proprietary and syndicated research monitors to assess our performance against this framework. What we have found is that to better understand these critical indicators of business performance, we need a mix of customer metrics incorporating measures of customer advocacy, as well as satisfaction.

As at 30 September 2007, consumer customer satisfaction was 74%, up from 70% in 2006, and business customer satisfaction was 71.6%, up from 67%. In 2008, we will be reviewing our customer metrics to ensure they provide a comprehensive perspective on performance, including new metrics, such as the Net Promoter Score (NPS), which provide an important measure of customer advocacy.

### Progress on our Ask Once Commitments

#### 1. Be available to me

This year we opened ten new branches and three new Advisory Centres, increasing our total points of presence from 817 to 825. In 2008, we plan to open 15 more branches and 11 new Business Banking Centres.

Over the year, on average 25% of our branches were open for extended trading hours. A full breakdown of branches with extended opening hours by location is available at [www.westpac.com.au](http://www.westpac.com.au)

Through Telephone Banking, we provide our customers with the option to speak to a real person for general enquiries. Small business customers have personal contact options through Business Direct Centres and their business financial manager. To limit internet downtime for internet banking, we are working to increase reliability by upgrading our technology.

#### 2. Don't make me wait

We continue to actively manage queues in branches and call waiting times to serve our customers more quickly. This year, 76% of customers reported that they are satisfied or extremely satisfied with their branch queue waiting time. We continue to focus on streamlining complex processes such as mortgage or credit card application processing to reduce time.

## CUSTOMERS

For general enquiries, our Consumer Contact Centre answered 64% of calls within 20 seconds, and our Business Contact Centre 86% of calls. Over the year, however, we experienced higher than expected levels of absenteeism, attrition and call volumes in our Consumer Contact Centre. We recently upgraded our telephony technology and we have undertaken significant recruitment and training for the new financial year.

For BT Financial Group, over the year, an average of 74% of calls to advisors were answered within 30 seconds. BT call results were impacted by unprecedented call volumes following the Federal Government's Simple Super initiative. Prior to this, 90% of calls were answered within 30 seconds on average.

Our customers have the right to know the current status of their application for business, home loans and wealth or superannuation purchases promptly. In a customer satisfaction rating out of 100, the average score for Home Lending over the six months reviewed was 81, while Business Lending scored 76, up from 71 last year. Because of a change in methodology, we have not tracked data for BT over the year. We will introduce a new measure for BT to take effect in 2008.



Measures to improve the processing of mortgages have included improvements in same day title and valuation search functionality and systems upgrades to improve end to end processing. We have also re-engineered business lending systems to improve the speed of processing applications, to take effect in 2008.

### 3. Value me

Our customers gave us an average score of 79 out of 100 for feeling valued, a slight increase on last year. We continue to increase the number of quality needs based conversations with customers which seek to ensure the products we provide best meet their financial needs.

In considering our customer's relationship history in providing personalised service, our customers scored us an average of 78 out of 100. And 73% of customers were satisfied or extremely satisfied with the information they received when making financial decisions. This year, we launched 'Westpac Experience', new service principles to drive a consistent customer service experience.

In 2007, we also introduced the 'Red W Experience'. This behavioural training program focuses on implementing the Ask Once Commitments and improving Complaint Resolution skills. It has been rolled out in all branches and select contact centres.

In 2007, we also introduced the 'Red W Experience'. This reward and recognition training program focuses on implementing the Ask Once Commitments and improving complaint resolution skills. It has been rolled out in our branches and select contact centres.

### 4. Don't give me the run around

In 2007 we handled over 22,000 coaching calls to our Ask Once help desk, to assist our staff to resolve on the spot queries for customers. We are extending our online banking capability to allow credit card customers to manage their own credit limit, apply for balance transfers and switch products online. And we have reviewed the discretion policies for our home financing managers.

Our customers rated us an average score of 82 out of 100 for ensuring that the first person they spoke to was the person who took ownership of their enquiry. Within BT, 76% of calls from financial planners and 85% of those from investors were resolved in the first call.

### 5. Solve issues quickly and fairly

Within the year, 82% of complaints were resolved within five working days on average over the period, while 77% were resolved at the first point of contact as at September 2007.

Complaints around rates, fees and charges mid-year, particularly on exception fees, increased in the year on account of media and consumer focus in this area. We continue to review our fees and in August we reduced exception fees on our basic accounts and select student and youth accounts.

In rating our performance on acknowledging issues and keeping our customers informed of their progress, we scored an average of 57 out of 100, up from 54 last year. In recognising our customers' relationship with us when dealing with an issue, we achieved an average score of 57 out of 100, up from 51 last year.

The Red W experience program is specifically targeting this area of performance and we will provide customer details and call reasons before transferring customers directly to the National Customer Relations area to promptly acknowledge and resolve complaints when needed.

To support the Complaints Resolution Policy, we have established a dedicated team to focus on identifying and resolving systemic issues, such as removing closed credit cards from customer online banking profiles on a regular basis. Our Customer Advocate personally resolves complaints on a case by case basis and reviews policies and processes to ensure they are customer driven.

### Ask Once in 2008

Major initiatives we will be undertaking in 2008 include opening more branches and Business Banking Centres; expanding the Red W Experience training; ongoing improvements in support systems and technology to improve processing times and reliability; delivering training and development programs for our employees; and improving performance against key customer satisfaction and loyalty measures. We will continue to review the Ask Once Commitments to ensure they remain meaningful and relevant.



## CUSTOMERS

### ACTIONS

## Responsible banking

### Responsible lending

There is no doubt that we are witnessing a wider social change in the way people borrow and save, and consumer debt levels within Australia are growing. While we have not seen any substantial shifts in the number of overdue accounts or bankruptcies, we acknowledge our obligation to market our products responsibly and stay in touch with the expectations of customers and the community.

In 2007 we convened a roundtable to discuss what we are currently doing and opportunities for improvement on how we respond to the needs of customers in financial difficulty. In September, we also held our Responsible Lending Summit, as featured on page 19 of this report. Participants from a wide cross-section of Westpac, external regulatory and consumer organisations were invited.

From these and other discussions with our Customer Committee, we concluded that there are three broad stages of responsible behaviour: responsible lending practices; having early conversations with customers when difficulties become apparent; and responding when a customer is in financial difficulty.

We apply strict and sensible criteria to our lending to ensure that we only lend affordable amounts to our customers. We include an affordability statement on all credit increase offers and actively encourage our customers to talk to us if they are having difficulty managing their credit card debt.

In 2007, we published Our Principles for Responsible Lending, as set out below.

## Our Principles for Responsible Lending

- 1 We will seek to lend only what our customers can afford to repay.**
- 2 We will market our products and services responsibly.**
- 3 We support customers facing financial difficulty.**
- 4 We help to improve our stakeholders' financial literacy.**

The full Principles and supporting commitments are available at [www.westpac.com.au/corporateresponsibility](http://www.westpac.com.au/corporateresponsibility)

### Westpac Assist

This year we also launched the Westpac Assist unit, targeting customers in danger of falling into financial difficulty. Westpac Assist will proactively call card customers who are showing signs of repayment stress and assist them in managing their debt. It will also handle inbound calls from consumer customers experiencing financial difficulties, including those seeking temporary assistance on repayments.

We are conscious of the impact that interest rate rises may have on some of our customers. Accordingly, we started proactively contacting customers to provide information about different options available to them to manage or vary their repayments when interest rates are increased. At financial year end, our home mortgage lending totalled \$125.6 billion.

### Financial inclusion

Despite the safeguards we have in place, there is always a risk that some customers may face financial difficulties, often due to changed circumstances beyond their control (loss of job, illness, relationship breakdown).

When we identify a customer who may be in financial difficulty, they are referred to a dedicated Financial Solutions Team within our Collections area who work with customers and financial counsellors to assist those experiencing hardship.

When a customer speaks to our Financial Solutions Team, their circumstances will be assessed by specially trained employees. Depending on the situation, a number of options may be considered, including restructuring the loan or reducing or suspending repayments for a maximum period of 6 months.

Where our customers face difficulties as a result of a natural disaster or unforeseen event, we have a Natural Disaster Relief package. This provides deferred repayments, refinancing of personal loans at a discounted fixed interest rate, or waiving of interest penalties for affected customers wishing to withdraw term deposits.

In recent times, customers in drought affected areas throughout Australia and flood affected areas in NSW and Victoria have benefited from the relief provided by this package.

### Exception fees

This year we released more information about exception fees on credit cards and transaction accounts as part of an industry-wide effort to improve customer understanding of these fees. 'Exception Fees' is a collective reference to account overdrawn fees, outward dishonour fees, credit card missed payment fees and credit card overlimit fees.

The information includes details of specific exception fees and assistance on how to avoid them, as well as existing initiatives to help customers manage their account balances through facilities such as online banking, telephone banking, ATM enquiries and branches. Automatic payment options are also available to help ensure account balances remain in the positive.

Information on exception fees and charges related to Westpac's products and services are outlined in the Product Disclosure Statements provided at the time of purchase of the product and available in branches.

## CUSTOMERS

In addition, customers are able to have a Banking Review conducted to ensure that they are using the most appropriate products to meet their needs. Banking Reviews are available at any Westpac branch.

### Online crime prevention

With more people using email and online banking, the incidence of online crime such as phishing has also grown. Fraudulent emails ask our customers to send personal information or go to fake websites where their information is stolen. This year, our Information Security Group formed a Cybercrime Task Force to strengthen systems and technology to protect our customers from phishing and other cyber threats. We also work with a range of law, government, technology and financial service organisations to address this issue.

### Assisting business customers

As at 30 September 2007, 12% of our total business lending supported small business in Australia. This year we have focused on building awareness of sustainability, and particularly environmental issues, into our ongoing business banking channels.

In 2007 we introduced the Westpac Sustainable Business Awards, recognising local businesses engaging in sustainable business practices which benefit the community and environment. Having successfully piloted the awards in Wagga Wagga, we are now rolling them out nationally.

According to Australian Women in Business – New Insights, commissioned by Westpac and research agency TNS, almost 40% of women surveyed said they would like to know more about how to make their businesses more sustainable. In response, we integrated further information into our Learn, Lead and Succeed business event for Women in Business.

We continue to provide our popular Beyond Survival workshop series for small business, tailoring it for special circumstances such as coping with drought or disaster recovery, where required.

This year we launched our inaugural Westpac Agribusiness Future Leaders Forum to examine issues affecting the future of the agricultural sector. This included a session examining climate change and other environmental issues such as water scarcity.

Analysis of the Westpac-NFF Commodity Index, released in June 2007, found that environmentally-sustainable farming is making modern farming more productive than ever before. Farmers have become much more adept at managing drought using conservation till, zero or minimal tillage, direct drilling, geo-positioning, stubble retention and a variety of on-farm water management strategies.

This year we also launched the Westpac & CSU Agribusiness Index, a new quarterly survey providing a detailed national and state-based overview of business performance in the agribusiness sector.

For the June Index, we surveyed the impact of carbon trading on the agribusiness sector. We found that while 78% of agribusiness operators are aware of federal government plans to introduce a carbon trading scheme, only 41% had an understanding of how a proposed scheme would operate. We will continue to work with our agribusiness customers around understanding and managing climate change impacts for their businesses.

## Risk and opportunity

### Environment, Social and Governance (ESG) risk

We are currently reviewing and benchmarking our risk policies and processes to boost the assessment of Environment, Social and Governance (ESG) risk, in line with best practice. This involves identifying material issues and risks, examining cross-functional issue-based policies, such as human rights and climate change, and expanding sector-specific policies to address key ESG risks.

During the year, we engaged KPMG Sustainability Advisory Services to review existing ESG risk management processes in our lending practices, and advise on building additional policies and frameworks, where appropriate.

A number of opportunities aimed at enhancing assessment and disclosure of ESG risk practices have been identified and are now being implemented. A summary report on the key findings of this review is available at [www.westpac.com.au/corporateresponsibility](http://www.westpac.com.au/corporateresponsibility)

### The Equator Principles

We were the first Australian bank and one of ten founding signatories globally to the Equator Principles. Today, there are over 50 signatories, covering more than 80% of the global project-financing market.

In adopting the Equator Principles, we agreed to provide loans only to those projects whose sponsors can demonstrate their ability and willingness to comply with processes that ensure that projects are developed in a socially responsible manner, according to sound environmental management practices.

The Equator Principles constitute an integral part of our project finance evaluation and decisioning process. We apply the Principles to all project finance transactions assessed, as we do not consider size to be the principal driver of environmental and social risks.

To meet our commitments, we apply a detailed process of assessment against the Equator Principles, including:

- categorising all new and existing projects as category A, B or C;
- completing internal documentation using the Equator Principles as the process benchmark;
- detailing any special conditions or covenants to apply; and
- monitoring compliance with conditions subsequent and other material obligations of the borrower.

Following assessment, we include in documentation appropriate representations and covenants that ensure ongoing compliance with the findings of the Risk Identification process, around the project category, the nature, physical location and sector, and the host country.

## CUSTOMERS

### ACTIONS

#### Applying the Principles

All relevant personnel involved in the evaluation and approval process are informed of the Equator Principle requirements and implications for each project, and the Head of Project and Structured Debt (or a senior delegate) is required to sign-off on the assessment of each project finance transaction against the Equator Principles. In 2007, three key staff participated in IFC training held in Sydney on applying the Equator Principles.

This year we participated in 27 project finance transactions. The assets financed were located in Australia, New Zealand, UK, Europe, North America and Papua New Guinea. Seven were greenfield developments, three were expansions of existing assets, nine were refinancing existing assets, and eight were acquisitions.

The asset classes involved were social infrastructure, renewable energy, waste management, gas connection, electricity utility, ports, tollroads, rail facilities, airports, oil and gas production and mining. Our roles in these transactions were variably as Lead Arranger, Joint Lead Arranger and Underwriter, Sole Lender and Club Participant. Further details are published in the factpac of this report.

### Our commitments under the UN PRI

- 1 **We will incorporate ESG issues into investment analysis and decision-making processes.**
- 2 **We will be active owners and incorporate ESG issues into our ownership policies and practices.**
- 3 **We will seek appropriate disclosure on ESG issues by the entities in which we invest.**
- 4 **We will promote acceptance and implementation of the Principles within the investment industry.**
- 5 **We will work together to enhance our effectiveness in implementing the Principles.**
- 6 **We will each report on our activities and progress towards implementing the Principles.**

The full Principles and supporting commitments are available at [www.unpri.org](http://www.unpri.org)

## BT Financial Group

BT Financial Group (BT) is our wealth management business, responsible for more than \$87 billion in funds under management. BT covers the full spectrum of wealth creation, from financial advice and personal and business superannuation to investment management and client portfolio administration 'Wrap' solutions.

As announced in late 2007, we are progressing a partial IPO and ASX-listing of BT Investment Management, while retaining majority ownership of the new listed company.

### Responsible investment

BT's responsible investment activity comprises screening; proxy voting; collaborative initiatives around climate change; direct engagement with companies in which we invest on material ESG risks; engagement on behalf of beneficial owners; and increasingly, systematic assessment of these companies' ESG performance.

We offer two types of Socially Responsible Investment (SRI) products: sustainability using a best of sector approach determined independently by Monash Sustainability Enterprises; and ethical using both positive and negative screens to allow investors to either actively avoid or support certain industries or areas of investment. All SRI Funds have been certified by the Responsible Investment Association (RIA). Total investments through SRI products as at 30 September 2007 were \$552 million.

BT's Proxy Voting Policy is available at [www.btonline.com.au](http://www.btonline.com.au). We publish an aggregated summary of all Australian proxy voting records for the financial year, including a description of the proxy voting decision process and issues voted on within the year.

Resolutions involving contentious issues, taking into account public conventions, laws and media coverage, are referred to the BT Proxy Voting Committee. The published summary report provides details on decisions referred to the Committee.

Our equities analysts and portfolio managers engage with investee companies on material ESG issues as part of usual dialogue. In addition, a significant development this year was to support the establishment of Regnan Governance Research and Engagement, formed out of the BT Governance Advisory Service. Regnan is jointly owned by BT along with seven other asset managers and superannuation funds.

Regnan works on behalf of asset managers and superannuation funds to identify material ESG risks, and then engages constructively with investee companies to bring about appropriate behavioural change. In November, Regnan launched systematic ESG research on all S&P ASX 200 companies. In conjunction with Monash Sustainability Enterprises and Goldman Sachs JB Were, Regnan identifies the most financially material areas of ESG performance, including human capital management; climate change; quality of environmental and social management; and business ethics and culture.

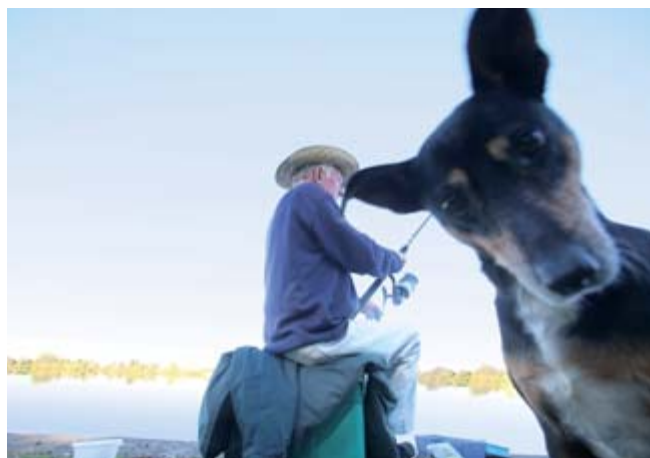


## CUSTOMERS

BT has also collaborated with other investors as one of the founding members of the Investors Group on Climate Change (IGCC) and is a signatory to the Carbon Disclosure Project.

These separate initiatives have now been drawn together through BT becoming a signatory to the United Nations Principles for Responsible Investment (UN PRI) in December 2006, part of our explicit acknowledgment that ESG issues can affect the performance of our investment portfolios.

The formation of Regnan is a big step in meeting our obligations. Work is continuing to systematically respond to each of the Principles and we will separately report progress in 2008.



### Super for Life

Within the next decade, the amount of superannuation funds held by Australians is expected to triple to around \$3 trillion. Super is already the largest form of savings for many Australians. In late 2007, we launched Super for Life, a unique partnership between Westpac's banking arms and funds management, which integrates super into everyday banking and saving activities.

Super for Life provides investment options for different life stages from work to retirement, has low fees and the ability to convert credit card points into super savings. We have also included 'no questions asked' default life insurance cover.

As part of our commitment to the UN PRI, a portion of the Australian and international share components of the Lifestage Funds are invested in strategies that have sustainability as a core part of their process. The Australian and international share components of the BT Super for Life – Moderate Fund and the Australian share component of the BT Super for Life – Conservative Fund are invested ethically. A portion of the Australian and international share components of the Lifestage Funds are invested sustainably. More information is at [www.btsuperforlife.com.au](http://www.btsuperforlife.com.au)

## OUTCOMES

### How did we do?

## 2007 objectives

### Top quartile customer satisfaction.

Consumer customer satisfaction 74%, up from 70% and business customer satisfaction 71.6%, up from 67%. ✗

**Implement 150 Talking ATMs by December 2006, 300 by 2007 and 500 by 2008.** As at 30 September we had 376 Talking ATMs. ✓

**Respond to issues identified in the Assurance Review of the Ask Once Commitments Report.** We have systematically responded to the issues identified. Please refer to the Ask Once Report card on page 20 of this report. ✓

**Develop a strategic approach to responsible banking.** Launched our Principles for Responsible Lending and held a Responsible Lending Summit in September 2007. ✓

**Conduct a review of Environment, Social and Governance (ESG) within risk policies.** Engaged KPMG to conduct an ESG risk management review. We are now implementing our response. ✓

## 2008 objectives

- Review our customer performance metrics to incorporate loyalty and advocacy measures.
- Implement 500 Talking ATMs by December 2008.
- Open 15 more branches and 11 new Business Banking Centres.
- Implement the Westpac Assist program.
- Report on progress against the Principles for Responsible Investment (UN PRI).

# ENVIRONMENT

“We have reduced our own emissions by 45% and developed a number of innovative ‘green’ products and services for our customers.”

# What do we believe?



## PHILOSOPHY

**We believe that managing both our direct and indirect environmental impacts will contribute to the long-term sustainability of our business. This was first set out in Our Principles for Doing Business (2001).**

We also view climate change as a fundamental business issue that needs to be thoroughly understood, both in terms of risks and opportunities. We have argued for a number of years that climate change is fundamentally an economic issue that needs to be properly understood and responded to in these terms.

There is no doubt that businesses need to be able to measure, manage and articulate their response to the challenges represented by climate change, to ensure both the near and long-term viability of their operations.

We apply the precautionary approach. We have been examining and addressing the impact of environmental issues on our business for well over a decade. In that time we have reduced our own emissions by over 45% and developed a number of innovative ‘green’ products and services for our customers.

And when it really comes down to it, we fundamentally believe that the consideration of environmental impacts should be part of the way we conduct our business every day. Ultimately, that is what we are working to achieve.



VALUE

# Why do we do it?



Climate change is an accepted reality and business is well aware that the next twenty years will constitute a great period of transition impacting individuals, communities and economies everywhere.

**Phil Chronican, Group Executive,  
Westpac Institutional Bank**

But there are also substantial emerging commercial opportunities, and how businesses manage the risks and capitalise on new products and markets will determine their future profitability.

Potential risks for the banking sector include unpredictable impact on global markets; hidden carbon liabilities; changing industry dynamics impairing the market value of assets; anticipated impacts on key sectors such as agriculture and tourism and operational risks. Each of these has the potential to negatively impact investment value, future earnings or liabilities.

Consumers also increasingly expect the products and services they purchase, as well as the companies from which they purchase them, to have a position on climate change and to be actively managing their own emissions.

As this issue grows in sophistication and complexity, we will continue to develop and deliver the environmental expertise, skills, resources and understanding our customers are looking for to grow their business well into the future.

**Managing our  
environmental  
footprint**



**Waste**



**↑ Financial value**



**Efficiency**



**↑ People value**



**Risk**



**↑ Environmental value**



**“At a company level, we seem to be focusing all our policy efforts on protecting the possible losers [of emissions trading] rather than encouraging our future winners.”**

## ISSUES

### **Business despises uncertainty.**

**Whether you're BHP Billiton or the corner store, the one tenet on which business relies is a level playing field with predictable conditions. Long term risks have always hovered around the business planning function – geo-political, socio-economic, technological, security – but for the first time there is a long term issue with certainty – climate change and the impending measures to deal with it.**

Although there will be complementary and transitional measures such as clean or renewable energy targets, the primary measure will be emissions trading which may begin in 2010. Although the future carbon price curve is still dependant on greenhouse pollution reduction targets, climate science and economic research has narrowed the range sufficiently to be able to estimate possible impacts on earnings and thus stockmarkets and investment funds.

The challenge for financial institutions is to understand the impacts of emissions trading, as well as other physical impacts, and start to make serious efforts to reflect this future in present day thinking and decisions. This means taking some of the long term data relating to carbon liabilities and reflecting this through the capital chain to today's investment decisions. The Climate Institute has developed a lifecycle valuation model to do precisely this.

One challenge may be that Australia's emissions trading scheme will be isolationist for a short time. Business is already planning how to deal with multiple emissions trading schemes – a fact of life for dual listed companies – but also the integration of those emissions trading schemes at a later date.

Moves afoot in the EU and elsewhere to integrate sustainability through the supply chain indicate the possibility that if a country exports goods made where emissions are not regulated or traded, then the customer countries will tariff goods to even the playing field for goods and services sold on its shores. So countries that slip behind or attempt to make competitive gain by charging their industries for the greenhouse clean-up at a slower rate than their competitors, will find other nations working to ensure they don't get away with free loading.

Given our precarious position as one of the highest emitting and primary production oriented economies we could be hit hard.

Perhaps the most poignant statement from the Stern Report was that “there will be winners and losers”. In typical Australian fashion, we must turn this into an opportunity to win. Presently at a company level, we seem to be focusing all our policy efforts on protecting the possible losers rather than encouraging our future winners. For Australia as a country on the world stage to emerge from this period as a winner in the emerging global clean energy economy, we must focus not just on the beginning of the emissions trading implementation phase but on the end of it. In fact, long term visualisation will become critical in positioning us to emerge from the implementation phase and arriving at the more stable high-growth phase of the carbon market.

It is not enough just to plan. Business and government must behave as if emissions trading has arrived. As the father of all management Peter Drucker said “strategy is useless unless it degenerates into work” and it will be our execution that will determine if Australia emerges from the forthcoming period of regulatory instability in emissions trading as a winner or a loser in the 21st century clean energy economy.

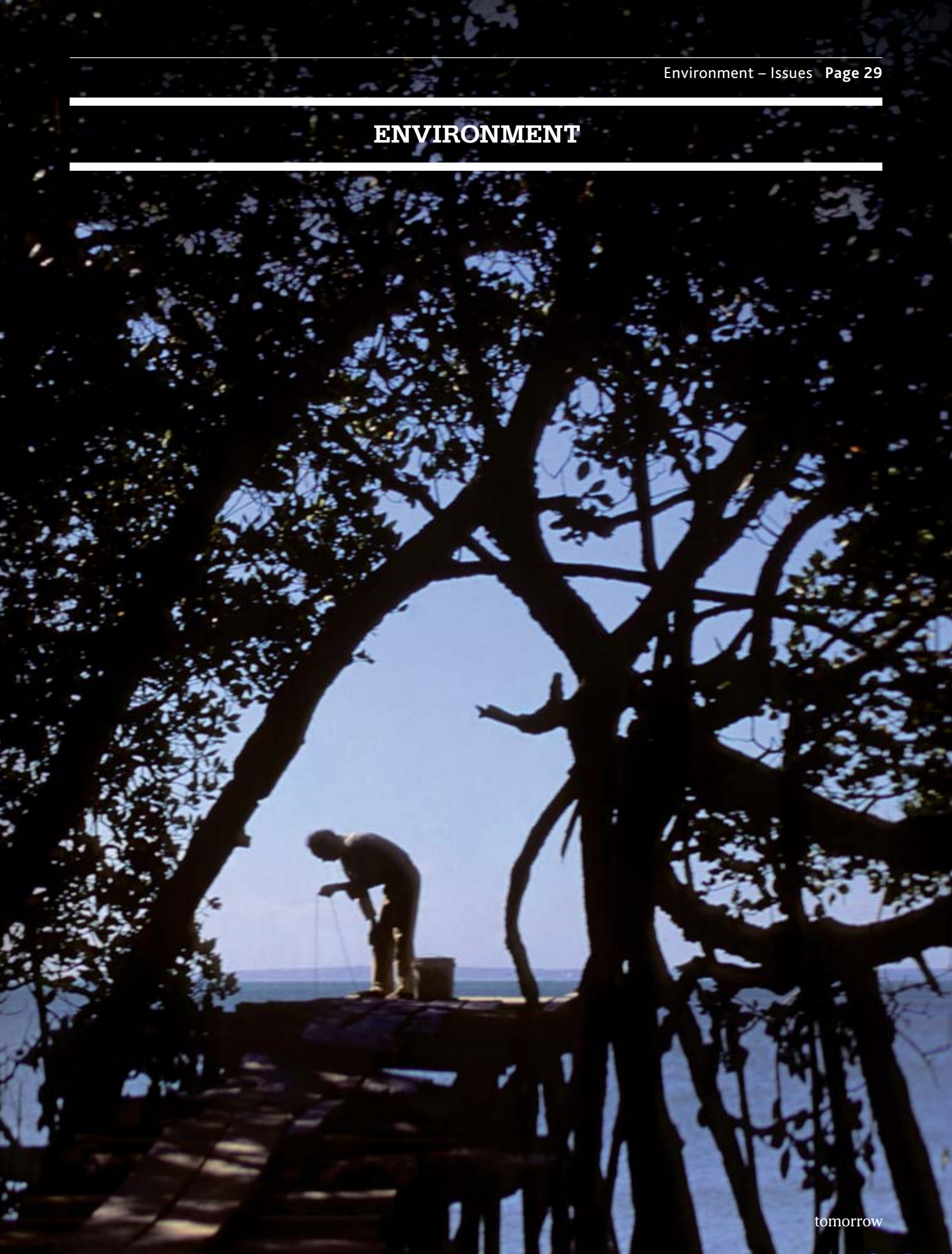


John Connor  
CEO, The Climate Institute

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## ENVIRONMENT

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# ENVIRONMENT

ADVOCACY

## Leading beyond the walls

**Climate change is an issue which will impact all sections of our economy and our community. The risks are real and the commercial implications will be significant.**

Policy and regulatory frameworks in response to climate change are emerging in the jurisdictions where we operate. These are varied and focused on emission limits, market mechanisms and energy efficiency management programs.

In particular, with the anticipated establishment of National Emissions Trading Schemes in Australia and New Zealand over the next few years, the introduction of a carbon price will significantly impact the way that risk is considered and priced. New risks, new markets mean a need for new products and services for our customers and clients.

Over the year, we have participated in a number of collaborative forums designed to better understand the environmental and economic challenges posed by climate change.



### Australian Business and Climate Group

In August 2007, Westpac was one of nine companies from the mining, smelting and exploration, resource, finance, real estate and infrastructure investment and energy industries involved in launching the Australian Business and Climate Group (ABCG).

The ABCG sought to examine the investment barriers to rapid development and deployment of low and zero emission technology.

With bi-partisan acceptance for the establishment of a national emissions trading scheme, this work recognised that Australia must also explore complementary policies to accelerate the uptake of breakthrough low emission technologies.

The final report, Stepping Up: Accelerating the Deployment of Low Emission Technology in Australia, called for the urgent development of a national low emission technology strategy to complement an Australian emissions trading scheme.

The ABCG concluded that an appropriate emphasis on clean technology must be an essential component of a National Climate Change Response. This integrated response will need effective policies in five key areas: global action; emissions trading; complementary measures aimed at changing attitudes and behaviours; a Low Emissions Technology Strategy; and an adaptation strategy.

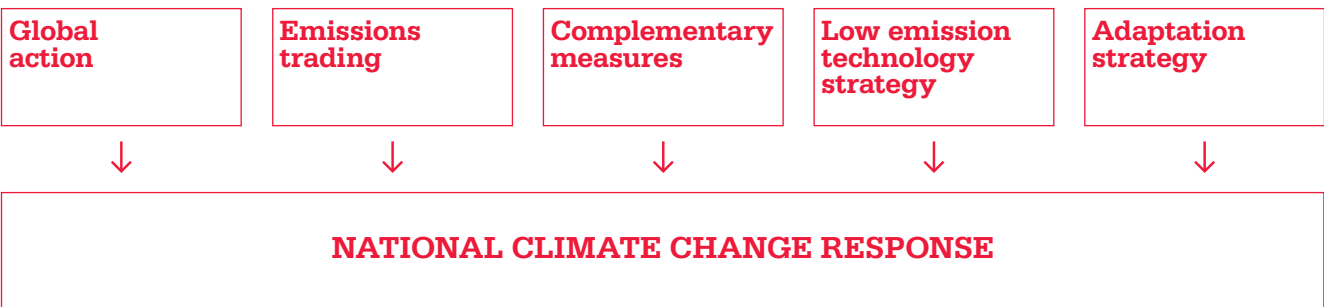
Westpac has long supported the need for a long-term, integrated and national climate change strategy that facilitates reductions in greenhouse gas emissions while maintaining economic competitiveness.

Our involvement in the ABCG was driven by our desire to play a part in identifying and addressing climate change risks and opportunities and supporting the successful introduction of the federal government's proposed national emissions trading scheme.

We will continue to work through this and other forums to help identify practical policy and market opportunities to best position Australia to contribute to and benefit from a global response.

The full report is available at [www.businessandclimate.com](http://www.businessandclimate.com)

Australian Business and Climate Group's recommended national climate change response framework





## ENVIRONMENT

### ACTIONS

# What are we doing?

### Our climate change strategy

We have been examining and addressing the impact of environmental issues on our business for over a decade. To date, our response to climate change has been fourfold: reducing direct environmental impacts; anticipating and responding to changes in trade and regulatory frameworks; identifying and responding to emerging business risks and opportunities; and broader advocacy in the community. This was first set out in Our Principles for Doing Business (2001).

With growing complexity and sophistication around the regulation and operational management of climate risks and opportunities, we have identified the need for a second iteration of our approach. Following internal and external consultation, we expect to release an enhanced Group-wide strategy and supporting blueprint, including targets, in February 2008.

### Carbon markets

There is now broad political consensus around the establishment of a National Emissions Trading Scheme within Australia by 2011. We are well positioned to respond to the risks and opportunities which this will create for our customers and for our business.

During the year Westpac Institutional Bank (WIB) established a Water and Carbon Forum. Comprised of senior management from across WIB, the forum focuses on identifying and managing emerging

commercial risks and opportunities for our clients relating to water and carbon markets.

We also provided a comprehensive submission to the Prime Minister's Task Group on Emissions Trading. We began trading in the EU ETS as part of our expanding energy business in 2006. We have been active in environmental markets in Australia since the early 1990s, through the trading of Renewable Energy Certificates (RECs).

### Communication and advocacy

Throughout the year we have participated in a number of industry and government forums on climate change.

This year we were part of Australian Business & Climate Group (ABCG), examining investment barriers to the commercialisation of clean technology.

We are a founding member of the Agricultural Alliance on Climate Change (AACC). The AACC has commissioned research from the CSIRO examining how rural communities can promote climate change resilience and prosper from harvesting clean energy and farming carbon.

We continue to participate in the Carbon Disclosure Project (CDP). This year we were named as the only bank in the world, and one of just four companies in the Global FT500 list, to achieve a 100 point, AAA rating in the 2007 Climate Disclosure Leadership Index (CDLI) compiled by Innovest Strategic Advisors.

## ENVIRONMENT

During the year we were also signatory to a number of international statements on climate change. These included the UNEP FI 'Declaration on Climate Change by the Financial Services Sector' and the UN Global Compact Leaders' Statement 'Caring for Climate: The Business Leadership Platform'.

Our Sydney and Melbourne CBD sites participated in Earth Hour and The Big Switch Off, turning off our lights to raise awareness of climate change.

### Engaging our employees

We have partnered with the Australian Conservation Foundation to run a series of award winning GreenHome workshops for employees. Interactive sessions provide practical tips around water, energy and consumption. So far 40 people at our Concord site have completed the program which has been extended to employees in the Sydney CBD.

Trials are also underway to explore the use of interactive technology, including Second Life, to provide virtual training sessions. We also integrate environmental issues into our corporate responsibility e-learning module.

Our CEO Environment Awards recognise individuals and teams taking the initiative on environmental issues. The 2007 winners installed water tanks and introduced online application forms.

### Biodiversity

In March we furthered our partnership with Landcare Australia with the establishment of CarbonSMART, a not-for-profit carbon trading and brokering service. It provides farmers with the opportunity to secure a regular income by maintaining vegetation on their land.

Our employee involvement program, Operation Backyard, established with Landcare Australia, provides funding for the protection of biodiversity through habitat restoration projects. Since it began in 1998, we have provided around \$1.6 million to help 277 environmental projects in local communities across Australia. We again supported the Landcare Education Award encouraging schools to adopt responsible land care practices.

### Water

Following ongoing issues with the collection of water data over recent years, we held roundtable discussions with key suppliers. These discussions resulted in improved water data, included in the factpac, which will form the baseline for ongoing reporting.

We continue to look for opportunities to improve water efficiency across our property portfolio. Water tanks, scheduled for 2007, will be installed in our Ingleside conference facilities in 2008.

We also supported the establishment of the Water Stewardship Initiative. More information on how the initiative is working for effective management of water resources can be found at [www.waterstewardshipconcept.com](http://www.waterstewardshipconcept.com)

We participated in the water workstream of UNEP FI and contributed to their recent report 'Half full or half empty?', exploring water related risks and opportunities for financial institutions. We also participate in the Australian Bankers' Association working group on water issues and the finance sector.

### Our operational impacts

Our direct environment impact comes from our 22,585 employees; the hundreds of buildings they work in; and the thousands of tonnes of paper we use each year. This year it is fair to say that our performance has been mixed.

This year we failed to meet our year-on-year reduction target of 5%, achieving a reduction of 1%. Changes in the calculation methods used by the Australian Greenhouse Office supported this decrease as our overall electricity consumption increased by almost 13%.

This increase in electricity consumption was due to growth in our business footprint. This year we opened three new business banking sites and ten new retail branches, with 800 new people in customer facing roles and behind the scenes.

The consolidation of our Sydney CBD sites last year also resulted in some one-off duplication of energy consumption, with some energy usage accruals not factored into last year's data. We have revised the figures for last year to reflect this.

We are developing a site-by-site map of our energy consumption.

This will help us identify specific issues and more effectively measure and proactively manage emissions throughout our property portfolio. For instance, work has already been undertaken to improve the energy efficiency of our servers.

We also note that air travel has increased by 15%. This is not currently factored into our total emissions figures under our contractual obligations with the Australian Greenhouse Office. We will examine the possibility of voluntarily including this in future.



We are preparing for the introduction of mandatory emissions reporting in Australia. This year, Internal Audit will conduct a review of our data collection, along with our annual independent assurance. We have established a Group Property Sustainability Forum to manage our ongoing direct impacts.

Since full occupation of our new corporate headquarters in November 2006, we have made further improvements to the efficiency of this building, including adjustments to the DALI lighting system.

Improvements have also been made in relation to paper. Our overall consumption was 5,474 tonnes, down by 0.5 % and recycling increased by 4% to 2,725 tonnes.

## ENVIRONMENT

This year we have reported recycling data for the first time for glass, aluminium and steel for office buildings where we have introduced co-mingling waste management. Further internal communication is planned for 2008 to increase understanding of how to use the co-mingling system. In 2007, 4,456 PCs were recycled through our partnership with Work Ventures.

We have also included data provided by external suppliers on total waste from head office facilities, which houses 8,562 people.

### Procurement

This year we have developed purchasing policies incorporating environmental, social and governance considerations for paper and IT equipment.

Our Paper Purchasing Guidelines aim to ensure our paper products are sourced from producers employing sustainable forestry management practices and clean production processes, and to reduce our total consumption of virgin wood pulp, in a manner consistent with reducing our overall environmental footprint.

Our IT Equipment Purchasing Policy formalises the use of energy efficiency as one of the core criteria in the selection of the server and PC/laptop hardware to be deployed in our offices and Data Centres.

These have been developed in consultation with external and internal stakeholders, including our suppliers. A similar process is now underway for our car fleet. We are also examining the inclusion of environmental considerations into cleaning contracts for our premises.

### Greening our products and services

We have been working to green our mainstream products to help customers improve their environmental performance.

Our EcoNomical Living Program features discounts and rebates on a range of environmentally friendly initiatives such as home insulation, green electricity, solar hot water systems and rain water tanks for home loan customers.

As at September 2007, the Westpac Landcare Term Deposit held \$6.7 million in balances. To date, more than \$2.9 million has been directed to farmers practising sustainable land management.

In April 2007 we introduced an in-branch secure recycling program. Customers can now safely recycle personal documents using locked bins in-branch. This will also help reduce the risk of identify fraud.

Our e-statements initiative continues to grow steadily. To date, more than 370,000 customers have chosen not to receive paper statements, saving 105 tonnes of paper. We have also introduced online branch manuals. This will save around 392,000 sheets of paper per year and facilitated the recycling of over 4.7 million sheets of paper from existing manuals.

Through our support for the CSIRO's Sustainable Communities Initiative, we have also supported a low environmental impact development in the ACT's East Lake area. The residential and mixed-use development is designed to be a national example of best practice in sustainable urban development.

## OUTCOMES

### How did we do?

## 2007 objectives

**Reduce our total greenhouse gas emissions by an additional 5%.**

Emissions decreased by 1%.



**Implement the 2007 Environmental Management Action Plan.**

Replaced with the Group Property Sustainability Strategic Framework.



**Re-invigorate the Great Paper Challenge.**

This objective will be carried over to 2008.



**Implement an energy efficiency strategy in poor performing buildings.**

Will form part of the Group Property Sustainability Strategy.



**Initiate roundtable discussions to resolve water data issues.**

Roundtable discussions held and water data collection implemented.



## 2008 objectives

- Finalise Westpac Climate Change Strategy, including targets for energy and greenhouse gas emission reductions.
- Develop a site by site map of our energy consumption.
- Engage in development of emerging regulatory frameworks for greenhouse gas reporting, energy efficiency and emissions trading.
- Develop procurement guidelines for car fleet.
- Re-invigorate the Great Paper Challenge.



# SOCIAL

# What do we believe?

## PHILOSOPHY

**In almost two centuries of serving the community, we have come to understand that banking is more than just a financial service; it is integral to sustainable prosperity.**

And there is a mutual flow of benefits. Successful and prosperous businesses are not truly sustainable if the communities in which they operate are not healthy and prosperous as well. So we have taken a strategic approach to investing in society and embedded community involvement into our business model. It is part of our organisational culture.

Our community involvement strategy is made up of three straightforward components:

- **Employee involvement**  
Making it easy for our employees to get involved and support the community group of their choice.
- **Community partnerships**  
Collaborating with key community partners to help address critical issues.
- **Capacity building**  
Helping community groups improve their operational effectiveness through training and access to finance and business tools.

In addition, our Indigenous assistance program aims to address the educational, financial and employment disadvantages of Indigenous Australians and their specific banking and financial needs.

Detailed information on our community programs, partnerships and local outreach activities are reported in 'Regeneration' the Westpac Community Involvement Report 2007, available at [www.westpac.com.au/community](http://www.westpac.com.au/community)



## SOCIAL

## VALUE

# Why do we do it?

Noel Purcell, Group General Manager,  
Stakeholder Communications



**From my point of view you don't have to go too far anywhere in the world to see that prosperous high streets need prosperous back streets. And compared with many other businesses, banks have such a significant social footprint. It is obvious to me that we have a major role to play in building the kind of society that we want.**

Ten years ago I saw first hand the cost of ignoring the community's expectations. Get this wrong and you quickly realise that reputation, social licence to operate and regulatory risk are not just abstract concepts.

It has taken a long time to get the community back on side. These days we endeavour to be as open as possible, and to pay close attention to what people expect from business and from us in particular. Now I am more confident that we are better placed to benefit from all this energy, innovation and continued goodwill.

Our employees tell us time and again that our community programs make a meaningful difference to how they feel about their jobs. Our customers tell us they prefer to do business with a bank with some integrity and which is prepared to put a stake in the ground.

Ultimately it's all about connection – and the value is clear to see.

**“Prosperous high streets need prosperous back streets.”**

Supporting the community where we live, work and do business



↑ Reputation



↑ Financial value



↑ Employee engagement



↑ People value



↓ Regulatory & operational risk





ISSUES

# A hand up, not a handout

What are their concerns?

## Why should private corporations engage with Indigenous people who have no money?

Seemingly altruistic corporate responsibility can conceivably be in the self-interest of a major corporation such as a bank. In last year's Stakeholder Impact Report, Peter Kell of the Australian Consumers' Association contended that responsible banking – not exposing households to inappropriate risks – may be a relevant consideration in a strict business sense because it builds consumer trust.

But why would a corporation, operating in a merciless market, lead the way in terms of social responsibility when there is no customer relationship to nurture?

Part of the answer is that corporate people have strong social, humanitarian, cultural and political interests. There is no lack of constructive concern in corporate Australia for the plight of Indigenous people.

The limiting factor for the private sector's involvement in Indigenous Australia is probably that many Indigenous regions have not been able to enter into meaningful partnerships with the private sector. The sine qua non for partnerships between remote regions, government and the private sector is that Indigenous communities develop a strong leadership and a vision for the future.

Where such leadership exists, the state and federal governments' crucial contributions to the partnership are legislative support and capital investment in reform.

Whilst businesses are not able to provide the capital necessary to assist welfare dependent people out of dependency, their time, expertise, advice, mentorship and contacts are indispensable resources for Indigenous people who have no experience and no networks.

Our vision in Cape York Peninsula is that our people will be integrated into the real economy, while retaining our distinct identity. We envisage that my people's land base will be secured, and that educated and successful Cape York people in the future



## SOCIAL

will be able to “orbit” from their ancestral homelands to regional, interstate and overseas centres of growth and education.

However, for ancestral lands to become functional home bases, every one of the limited economic development opportunities must be seized, social order must be restored, and passive welfare defeated.

The relatively few people who have strong entrepreneurial spirit and viable business ideas need to be supported – not subsidised – to develop their businesses.



In an Indigenous context “economic development” must be interpreted in a very wide sense. The great bulk of community people need to regain the skills and values that make an economically self-sufficient, functional society: budgeting, saving and prioritising of education.

In those two areas – business development and innovation of groundbreaking welfare reform concepts such as Family Income Management (FIM) – our private sector partners are better suited to advise us than governments.

This year the Cape York reform process is taking giant strides. A key aspect of our reform agenda is that welfare payments are made conditional. During a trial period, community-based statutory bodies will have the authority to refer welfare recipients who struggle to meet normal responsibilities such as parental duties to income management.

Such revolutionary change requires government funding and new legislation. But the reforms build on FIM and other programs that could only have been developed with the aid of our private partners.

I asked initially what profit-driven organisations have to gain from getting involved in the intractable problems of remote Indigenous Australia. In the words of one of the people who came to us on a Westpac fellowship: “Throughout the Cape they know that the Westpac fellas are there to help”.

Surely this is the best reputation a bank could aspire to.

Noel Pearson

Director, Cape York Institute for Policy and Leadership

### ADVOCACY

## We're passionate about rescue services

**Australia's surf lifesavers have been watching over the country's beaches for one hundred years. In that time, more than 530,000 people have been rescued.**

To commemorate this significant milestone, the Federal Government designated 2007 as the Year of the Surf Lifesaver (YoSL) to help this Aussie icon gain critical long-term financial stability through an enhanced profile and public fundraising.

Westpac has been helping to save lives for more than 30 years through our support of rescue services. In 2007, we broadened our support with a new national partnership with Surf Life Saving Australia (SLSA) and were proud to be the principal fundraising partner for YoSL, their largest ever fundraising appeal.

The financial support we provide to SLSA helps them operate a viable service free of charge to the community. But our relationship goes deeper than that.

The strength of the relationship between Westpac and SLSA lies in the fact that it is an integrated partnership based upon shared values and mutual trust which has delivered many benefits at all levels of our organisations, including:

- Maximising the services that SLSA can provide: SLSA has recently been awarded the bank's contract for its first aid officer training and also conducts first aid accredited CPR training for our employees.
- Rewarding Surf Clubs for referrals: A pilot program in Queensland where Westpac pays a commission to surf clubs whose members take out a Westpac home loan.
- Helicopter visits to schools: Surf Life Saving will make helicopter visits to schools and talk about surf safety, prompted by local branches.
- Rewarding Westpac employees: The partnership also provides us with the opportunity to engage employees in new and innovative ways on behalf of a worthwhile cause. In some states we are able to reward our highest achieving employees with a flight in a Westpac chopper during a routine training flight.
- Utilising the bank's networks and resources: Westpac uses all its resources including employee volunteers, and networks to raise awareness and funds for our rescue service partnerships.

## SOCIAL

### ACTIONS

# What are we doing?

**Our community contributions for 2007 totalled \$52 million, up from \$47 million last year. This constituted 1.3% of pre-tax profits.**

### Employee Involvement

An independent survey conducted in May 2007 revealed that 85% of our employees participated in volunteering or fundraising activities in the previous 12 months. To make it easy for employees to get involved in the community and support the community groups of their choice, we provide community leave and flexible working conditions.

Our employee volunteering program received the 2007 Award for Excellence in Corporate Volunteering. With this new award, Volunteering Australia recognises the most outstanding example of best-practice, innovation and community contribution.

Our Matching Gifts program matches employees' donations to any tax-deductible Australian charity, dollar for dollar. In the year to March 2007, more than 400 charities received \$1.9 million from Westpac and employee donations.

### Community partnerships

A number of long-term partnerships reflect the diversity of our footprint in the community and are focused on creating mutual value and broader social benefit. Partners include: The Salvation Army, Mission Australia, Landcare Australia, Juvenile Diabetes Research Foundation, Indigenous Enterprise Partnerships, Surf Life Saving across Australia, and Westpac Life Saver Rescue Helicopters throughout NSW and Tasmania.

We commenced a new sponsorship of Aurora, the community channel, in late 2006. We have sought to leverage our investment by offering free air-time to our community partners and created content to promote their organisation. During 2007, Westpac aired over 30 hours of community partner content and more than 62 hours of Westpac created content about community partners and issues.

We've expanded our support of rescue services to include a new national sponsorship of Surf Life Saving Australia (SLSA) including direct support in WA and NSW for the first time. Westpac was also



the primary fundraising partner for Year of the Surf Lifesaver which celebrated 100 years of surf lifesaving.

Westpac continues to support the Westpac Rescue Helicopter Service in Sydney, despite the government tender for emergency medical helicopter services being awarded to an overseas company. Owned by Surf Life Saving Australia, the service will now provide aquatic surveillance and rescue.

In October 2006 Westpac launched the Generation W Volunteer Bus which is primarily used to transport employees to their chosen volunteering experiences. The bus has circumnavigated the continent within 12 months.

### Capacity building

To help community groups improve their operational effectiveness we provide access to business and finance tools and training. In 2007, we funded specialised On-Site Analysis workshops for community partners and continued to provide free places on Westpac's Beyond Survival financial management workshops to selected organisations.

### Contributing to disaster relief

With the ongoing drought conditions we committed to a program of support which includes the release of a disaster relief package for all affected community members, not just farmers. This includes: payment holidays, restructuring existing loans free of bank fees, and extra financial support where needed. As well as a \$100,000 donation to The Salvation Army Drought Appeal, Westpac partnered with independent counsellor Davidson Trahaire Corppsych to provide free confidential consultations for customers affected by drought in Shepparton, Wagga Wagga, Gawler, Geraldton, Tamworth, Dubbo, Griffith and Cobar.

### Financial capability

Our Financial First Steps™ workshop provides basic money management training. In 2007, 113 Westpac people trained as facilitators taking the total number to around 1,094. In 2008, we will be focusing on the next iteration of this program Financial Next Steps.

## SOCIAL

### Human rights

Our commitments to human rights are set out within 'Our Principles for Doing Business'. Progress is reported against the Principles of the UN Global Compact. Our response to key human rights issues including employee rights, accessibility, Indigenous rights, corporate governance and supply chain are discussed throughout this report. During 2007 we also contributed to the UN Global Compact Leaders Forum including case studies.

### Indigenous assistance

Our Indigenous assistance program focuses on three areas – strategic partnerships, employment opportunities and advocacy. Our main partnerships are through Indigenous Enterprise Partnerships (IEP) in Cape York and the Indigenous Capital Assistance Scheme (ICAS).

In 2007 we extended our partnership with IEP until 2010, promoting financial literacy and economic self-sufficiency in the Cape York region through the Family Income Management (FIM) Scheme, Business Facilitation and the Every Child is Special Project.

Over 300 employees have volunteered in Cape York, representing almost 50 years of full time work. This year, 46 secondees spent at least a month in the Cape along with five full year fellowships. Senior managers also accompanied three Board directors to view progress and meet Indigenous leaders and secondees.

Since launching in 2003, ICAS has provided over 40 businesses with finance of more than \$6m. This year, 30 inquiries for finance were received by our national network of accredited business bankers.

Through our Aboriginal Employment Strategy (AES), we welcomed our first group of school-based trainees at the end of 2006. We achieved our short-term goal for direct Indigenous employment and our Board approved a new three-year Indigenous Employment Strategy.

We continue to contribute to the Indigenous Banking Reference Group working on the 'National Indigenous Money Management Agenda'. We also actively lobbied to ensure there is no disadvantage for Indigenous people from proposed Anti-Money Laundering legislation.

In late 2007, we will launch a three-year Indigenous Action Plan, focused on capacity building, financial literacy and broader advocacy in Indigenous communities.

“85% of our employees participated in volunteering or fundraising activities in the previous 12 months.”

### OUTCOMES

#### How did we do?

### 2007 objectives

**Maintain total community contributions above 1% of pre-tax profits.** Total community contributions were \$52 million, or 1.3% of pre-tax profits. ✓

**Move to national partnership with Surf Life Saving Australia.** We extended our support of rescue services through a national partnership and were national sponsor for 2007 Year of the Surf Lifesaver. ✓

**Review Cape York Indigenous Partnership.** We renewed our commitment for a further term of three years to the end of 2010. ✓

**Financial First Steps Training for different life stages.** To be launched in early 2008.

**Host the second Trans-Tasman Indigenous Forum in Australia.** Held on 5-6 November in Sydney. ✓

IN  
PROGRESS

### 2008 objectives

- Maintain total community contributions above 1% of pre-tax profits.
- Provide support to employees for skill-based volunteering.
- Continue to provide value to our community partners utilising our networks, resources and expertise.
- Launch Financial Next Steps.
- Launch three-year Indigenous Action Plan.



# SUPPLIERS

## PHILOSOPHY

# What do we believe?

**We believe that the actions of our suppliers are important factors in our own performance.**

We recognise that as a major organisation with relationships across a number of sectors, we are in a strong position to engage with our suppliers to generate greater sustainability across our entire supply chain.

We seek to ensure that our suppliers:

- are aware of their specific environmental, social and ethical issues;
- have management systems in place to address these issues, risks and opportunities; and
- have systems that are delivering effective performance management and improvement.

We award business on merit and aim to secure products and services on the most appropriate terms. Our Request for Proposal (RFP) process considers organisational sustainability, price, quality, delivery and other pre-established criteria, variously weighed depending on the nature of the goods, service or solution being sourced.

By working with our suppliers to better understand environment, social and governance risks and opportunities, we aim to build capacity across all of our supplier relationships.



## SUPPLIERS

## VALUE

# Why do we do it?

**Diane Sias, Group Executive,  
Business & Technology Solutions & Services**



**The supply chain probably isn't the first thing people think about when they think about banks and sustainability.**

High profile supply chain issues and pitfalls often seem more relevant to manufacturing businesses. But when we began looking at the sustainability performance of our supply chain and the inherent risks and opportunities which can also lie in supplier relationships, we realised they were just as relevant for a services company like Westpac.

We soon realised there are pros and cons and complexities for everyone involved. So our approach has been to tread carefully and to work out an approach which builds capacity and hence creates value for all parties involved before making any decisions.

With over 10,000 suppliers, the supply chain is a major part of our social, ethical and environmental impact. So we scrutinise them on the basis of these factors and impacts, alongside the traditional criteria of quality, cost and so on.

There is value all around as we jointly manage our mutual footprint – and take both risks and costs out of the supply chain.

**Building a sustainable supply chain**





## SUPPLIERS



### ISSUES

**When Westpac asked us to respond to its Sustainable Supply Chain Management (SSCM) survey in 2005 I must admit we were somewhat confused about what it had to do with us.**

After all, it was hard to see where we slotted into the scheme. As a private partnership, we had no public reporting requirements. We had a great reputation as an employer and we had numerous long-standing pro-bono and community initiatives. Our impact on the environment was minimal, and anyway we were undertaking a range of recycling initiatives. So we entered the process without too many concerns.

That is, until we saw how poorly we scored on the SSCM Questionnaire – and realised how seriously Westpac viewed our performance as one of its top 100 suppliers. Suddenly, it was time for a re-think.

The first step was to closely engage with Westpac to understand the deeper intent behind the SSCM process. We worked together to define the sustainability obligations in terms that were relevant to us. It became clear that at Henry Davis York we hadn't articulated many existing initiatives that contributed to our sustainability, and there were some issues that we could usefully address.

We quickly set about making changes. We had already won awards for our performance as an employer but now we made our employment practices explicit and transparent. We engaged with the lessor of our building to improve our environmental performance, and together we put in place a range of initiatives, including developing our own energy reduction program, then

supplementing this by purchasing 25% of our tenant energy from renewable resources, installing water flow limiting devices on all plumbing and implementing better recycling practices.

Sustainability, we soon realised, is not rocket science, it's about a set of attitudes and processes. Most of all, it's about commitment. Our many relatively small changes had an immediate impact: when we re-did the SSCM survey, we achieved a top quartile performance. More importantly, we had gone from being passengers on the sustainability journey to active and engaged partners with Westpac.

Now we are entering a new phase. Earlier this year Westpac asked us to participate in a pilot program to validate the SSCM process. Frankly, we were apprehensive about an external auditor poring over our documents and processes. But we need not have worried. The experience has been overwhelmingly beneficial and reinforced our existing processes and practices by adding some external independent validation. We've come away with great feedback, plus new ideas such as more frequent staff surveys, succession planning for leadership of our pro-bono and community work, and incorporating environmental awareness into our induction programs.



## SUPPLIERS

### ADVOCACY

## SSCM Code of Conduct

**In 2006 we undertook a detailed review of our Sustainable Supply Chain Management (SSCM) process. We discovered that while our SSCM Questionnaire is an excellent tool for assessing high spend, high risk and strategic suppliers, it is not the best way to engage all our 10,000 suppliers, especially SMEs. In 2007 we set out to remedy this.**

We concluded that an “SSCM Code of Conduct” – a statement of the minimum ethical, social and environmental business practices required of our suppliers – would be a useful starting point.

We took a good look at what already exists in the marketplace, and noted that much of it is principle based, rather than practical. Beautifully worded ethical or sustainable purchasing policies and statements inspire, but too often do not lend themselves easily to measurement, reporting and validation, which we know are essential to achieving real change.

We drafted a Code that is universal, measurable, unambiguous, and transferable down the supply chain.

We then set out to engage our suppliers, employees and the broader community on our draft. We posted it on the Westpac website, circulated it to suppliers and non-government organisations, and presented it in numerous internal and external consultation forums. The feedback was frank and constructive.

In the end we have settled on a document that clearly states our aspiration – the practices we favour in our supply chain – and our minimum standard – the practices we will not do without. Some of the latter are captured in Australian law, but perhaps not in the laws of other countries. Many are simply good business sense and responsible corporate citizenship. All are readily achievable by companies who care about employees, customers and the community.

Going forward all Westpac contracts will require suppliers to be compliant with our SSCM Code of Conduct. In addition, our high spend, high risk and strategic suppliers, around 200 companies who constitute approximately 70% of our supply chain spend, will continue to complete the more detailed SSCM Questionnaire and be required to address gaps in their sustainability performance.

Our SSCM Code of Conduct is available at [www.westpac.com.au/corporateresponsibility](http://www.westpac.com.au/corporateresponsibility)

In just two years, Henry Davis York has made a big transition. What seemed at first like a distraction has taken our longstanding relationship with Westpac to a new level of trust and transparency.

We see the clear business and social benefits of a systemic approach to corporate social responsibility. We know this will help us market ourselves to other clients who share the same values, and help attract new employees.

Seeing ourselves as part of the supply chain of a large and sophisticated organisation like Westpac provides a framework for sustainability progress that we could not produce in isolation. We now look forward with enthusiasm to the opportunities ahead.



Kelvin O'Connor  
Chief Information Officer and Head of Corporate Responsibility  
Henry Davis York Lawyers

## SUPPLIERS

### ACTIONS

# What are we doing?

**With nearly four years of integrating sustainability considerations into our supply chain behind us, it's fair to say we're still learning.**

### Our supply chain

Our supply chain includes large and small, local and global suppliers, and provides goods and services to the Group's major business units and over 22,000 employees across our operations.

While \$3 billion dollars of spend is spread across approximately 10,000 suppliers, 62% of it is concentrated in the top 1% – our "Top 100 suppliers by spend". However we are cognisant of the benefits and responsibilities of having a diverse supply chain. Where a small to medium enterprise can compete effectively for our business, we welcome their participation in our supply chain.

### Our Sustainable Supply Chain Management (SSCM)

Our sourcing strategies need to be dynamic and responsive, so too our approach to Sustainable Supply Chain Management (SSCM). Following our SSCM review in 2006, much of what had to be done in 2007 was clear. The review concluded that we needed to:

- Better engage our stakeholders – both inside and outside of Westpac;
- Streamline SSCM by introducing a "Code of Conduct";
- Shorten and clarify our SSCM policy;
- Build reporting tools to improve SSCM monitoring in supplier relationship management;
- Validate our suppliers' self-reported performance; and
- Clarify how SME suppliers fit within our sourcing strategy.

Overseen by the SSCM Steering Committee, with representatives across five Westpac business units, we have established a series of projects and pilots to advance the tasks above. As we launch our new SSCM Code of Conduct, SSCM policy, and significant changes to our SSCM processes in 2008, we are well supported by the outcomes of this work.

In July 2007 we held a Supplier Forum addressing a broad range of issues, including SSCM progress and future directions. In May and June, SSCM specific forums were held with a combination of supplier and non-government organisation participants to discuss the proposed Code of Conduct. Within Westpac, 12 internal consultation forums were held on the Code with employees across a wide range of the bank's business units.

Throughout this year we have developed a set of Sourcing Principles to guide all our employees who interact with suppliers, and in the year ahead these will be communicated widely.

In addition, we have started to tackle the social, ethical and environmental credentials of some of the products we purchase, separately from the credentials of the companies that supply them. As discussed in the Environment section of this report, we have developed a Paper Purchasing Policy and IT Purchasing Guidelines, following detailed consultation with internal and external stakeholders.

### Our SSCM performance

More than 400 suppliers have now completed an SSCM assessment, including 85% of our Top 100 suppliers, up from 75% last year and constituting 94% of the Top 100 spend.

Our SSCM scoring database includes both suppliers and other vendors who sought to do business with us and were unsuccessful. Assessing and scoring suppliers is a dynamic and continuous process, and companies in the database may have been in a relationship with Westpac for an extended time, very little time, or never. Consequently the average sector performance (score) of suppliers does not necessarily reflect our progress within that sector.

We use the database to inform ourselves and our suppliers about performance across the market, rather than to demonstrate the effectiveness of our process. So we are reluctant to remove suppliers who have had no or limited contact with Westpac. We will continue to explore mechanisms for demonstrating the success of our process, but our priority at this time is to engage our suppliers in a journey.

Forty-three Sustainability Action Plans, or SAPs, have now been completed, committed to, or are in the process of being agreed with 63% of our target, priority group of current under-contract suppliers with spend above \$1 million.

### New SSCM tools and processes

Having undertaken limited validation of our suppliers' self-reported sustainability performance, this year we enlisted the help of eight of our suppliers in a project to pilot different methods of validation. These varied from providing documentary evidence to support answers, to detailed explorations with suppliers of issues material to their operations, and innovative ways to improve performance. Banarra Sustainability Assurance and Advice undertook this pilot on our behalf.

The outcomes will be used to identify areas for SSCM process improvement, protect the integrity of the SSCM process, and determine effective ways to engage suppliers of different types and risk profiles in the future. From 2008, a group of suppliers will be selected for validation each year.

## SUPPLIERS

Our website now hosts tools and resources to support widespread implementation of the SSCM Code of Conduct. The majority of our suppliers by number, although less than a third of our supply chain spend, will now only be required to comply with this Code, making the SSCM process easier for them to manage and less resource intensive for us to implement. Our high spend and high risk suppliers, who constitute around 70% of our total sourcing spend, will still be required to comply with the current, rigorous process.

This change to our SSCM process will enable us to focus our resources to engage more of our suppliers, help our suppliers to engage their suppliers, and to improve the management of our supply chain to high standards of social, ethical and environmental business practices.

### Showcasing best practice in the supply chain

With nearly 4 years of operation behind us, it's fair to say we've learnt a lot about SSCM. Perhaps most important of all is that every organisation's journey towards sustainability is different, and all are valid.

This year we asked 10 of our suppliers to share their stories of moving towards sustainability, and are publishing these as a set of case studies. We have also shared our own journey at a number of conferences throughout the year. Not because we think ours is the only way to tackle the task, but because it is worth talking about all the ways to do it.

We hope these supplier case studies will inspire and instruct other companies by demonstrating that, no matter your size or what industry you represent, the journey to sustainability is achievable.

## OUTCOMES

### How did we do?

### 2007 objectives

**Develop and implement an SSCM Code of Conduct.** Document completed, consultation held and supporting materials developed. ✓

**Review and refresh the SSCM policy, assessment tools and supporting materials.** To be launched late 2007. ✓

**Refine implementation of the SSCM assessment and continuous improvement processes to ensure high spend and higher risk suppliers are appropriately monitored.** New SSCM Code of Conduct will enable greater focus on high spend and high risk suppliers. IN PROGRESS

**Improve SSCM assessment and support materials for SMEs.** Additional support materials and case studies for SMEs developed. Completed a validation pilot focused on SMEs. ✓

**Convene a supplier representative group to inform SSCM policy.** Convened for specific issues and annual Supplier Forum incorporated information on SSCM directions. ✓

### 2008 objectives

- Roll out the SSCM Code of Conduct to all business units.
- Continue to ensure high spend and higher risk suppliers are subject to detailed screening of social, ethical and environmental business practices.
- Roll out standardised validation of suppliers' SSCM assessment.
- Establish a 'standing forum' for Suppliers and Non-Government Organisations (NGOs) to provide input to our SSCM processes.
- Engage our suppliers in discussions on Greenhouse Gas Emissions (GHGs) embedded in our supply chain.



# NEW ZEALAND

## PHILOSOPHY

### Who is Westpac New Zealand?

# What do we believe?



**We opened our first branches in New Zealand in 1861. Today we provide a full range of financial services for retail and business banking, corporate, institutional and public sector clients as well as international financial products and services.**

We operate a large branch network in New Zealand with nearly 200 branches, over 470 ATMs, employ over 5,500 people and serve 1.5 million customers.

In April 2007 Brad Cooper was appointed as the new Chief Executive Officer of Westpac New Zealand. This change in leadership has resulted in a restructure of the business and the Executive Team. Our new business strategy is focused on delivering financial products and services that our customers need, and building upon our role as a good corporate citizen in the New Zealand community.

The Westpac brand centres around helping New Zealanders make the most of life and our three-year plan revolves around one simple proposition – we want to be an organisation that earns our customers’ business. This will be supported by three areas of focus:

#### 1. Customer Centred Culture

Create a culture focused on meeting customer needs.

#### 2. Engaged and Skilled Employees

Ensure our people have the skills they need to do their job well, invest in better systems and recognise and reward positive behaviours.

#### 3. Good Local Citizen

Create long-term and meaningful partnerships with our communities and connect positively with all of our customers.

## Our footprint

	2007	2006	2005	2004	2003
Total assets (\$bn)	65	52	45	42	40
Net Profit (\$m)	646	639	662	617	462
Branches (#)	197	196	195	196	200
Customers (m)	1.5	1.4	1.3	1.3	1.3
Employees (#)	5,597	6,083	6,351	6,147	5,908

All dollar figures in this section (pages 46-53) are \$NZ.

## VALUE

# Playing our part in New Zealand for over 145 years

Brad Cooper, CEO, Westpac New Zealand



**Few companies in New Zealand can say they have been around for over 145 years. Back in 1861, we started out with seven branches and this year in May we opened our 197th branch in Auckland. Our vast footprint across New Zealand makes us one of the most recognised bank brands in New Zealand.**

Playing our part in New Zealand comes naturally to us as we touch so many New Zealanders in so many ways. We serve 1.5 million customers, employ just over 5,500 people, and engage the community everyday through our various sponsorships and community investment initiatives.

Westpac is a recognised leader in sustainability and it is important for us to combine our focus on sustainability with our diverse range of products and services to our customers and the community.

As a business, we want to earn all our customers' business, and we recognise that to do that, we have to create a culture that is truly customer centred, and to have engaged and skilled people to help us achieve that. This year has been a challenging year for our staff. Our employee commitment score has dropped and feedback has told us that we need to focus on leadership, training, pay, learning and development. Our focus next year will be on providing consistent training to our frontline, with a reward structure that recognises the skills and behaviours that shape our customer centred culture. We will also use employee engagement as a more robust measure of how we are tracking and we will be introducing an interim survey to gain a further understanding of the issues.

The attainment of the customer centred culture is manifested in empowering our customers to make the most of life, through choosing the right products and services to manage their money more effectively. The success of a number of our product and service initiatives is certainly demonstrating our commitment to helping customers make the right choice.

For example: the successful launch of the Westpac KiwiSaver Scheme where we have attracted one in every five people who actively choose their KiwiSaver provider; the delivery of over 40 community financial literacy workshops (Managing your Money) to over 600 New Zealanders; the launch of a competitive online saving product; and the first to market the Visa DebitPlus card.

In the context of climate change, we also launched another New Zealand first this year with our green home loan product. This offers every home loan customer a voucher booklet with discounted environmental products and services for their home. We recognise that in the short term we must develop products that have environmental and financial benefit as this will ultimately help to reduce the total long run cost of meeting New Zealand's climate change commitments.

The green home loan product was recognised at the Sunday Star Times Cannex Awards this year as the socially responsible bank product of the year.

This year, we contributed over \$7 million through our sponsorships and community investment initiatives, including the Sir Peter Blake Trust, New Zealand Fashion Week, and the Halberg Trust. In particular, we raised over \$770,000 for the Westpac Chopper Appeal, cementing our commitment for the Westpac Rescue Helicopters which we have been proudly supporting since 1981.

We also contributed over \$110,000 through our staff volunteer day, an initiative where our people get a paid day a year to help out in their local community. While the direct impact of such local activities may be seen as relatively small, the cumulative impact is increasingly important to both our people and the wider community. In the next financial year, we are making a commitment to increase our community volunteering activity by working even more closely with our community and sponsorship partners.

We are proud to present you with our Stakeholder Impact Report this year. The report charts in more detail the role we play in New Zealand for all our stakeholders, and we look forward to continuing our long and proud involvement with New Zealand.





## NEW ZEALAND

**This year we invited two members of our Community Consultative Council to discuss what they see as the main issues impacting New Zealanders and Westpac's role in addressing them.**



**Diane Robertson,**  
City Missioner /  
CEO Auckland City Mission

The City Mission's services are designed to meet both the immediate needs of clients as well as to help clients set in

place the resources needed to improve life for themselves and their families long-term.

With an ageing population and people struggling to save money we are seeing an increasing disparity between the rich and the poor. Young families are becoming the new homeless due to rising interest rates and the lack of affordable housing. Families coming to the Mission frequently owe money, borrowed in times of severe financial hardship. And issues like poverty mean that youths are leaving school with no qualifications.

By building a long-term response to these issues with Westpac and other partners we believe we can make progress.

Westpac is already playing a crucial role by setting up its Community Consultative Council which helps to facilitate discussion across key agencies who advocate for people who are often powerless to speak out.

People are critical in developing successful partnerships. We are very grateful to Westpac staff who help out at our annual appeals and deliver free financial literacy workshops to our staff.



**Andrew Casidy,**  
FINSEC General Secretary

The goal of the union is to improve the working lives and employment conditions of bank workers and the quality of service for customers. Recent successes include

working with Westpac to agree to a major change to its pay system based on skills and competence. A lack of work life balance is extremely detrimental to employees, banks and customers and needs to be taken more seriously by employers in the industry.

We want to see workers receive a fair share of profits, and receive consistent skills training which is also recognised and easily transportable from one employer to another. This will ultimately contribute to good standards of living which is good for business, workers and the economy as a whole.

In recent times, Westpac has sought to take a longer and more sustainable view of its business which has brought positive benefits for staff through improving employment conditions and genuine commitments to fix some concerns. FINSEC members look forward to this more visionary approach continuing and the resolution of some of the more difficult outstanding issues.

### ISSUES



# The social role of banks

**What are their concerns?**

We aim to stay on top of emerging trends and sensitive issues through effective dialogue with our stakeholders, in particular with our Community Consultative Council. The members at this year's meeting challenged us to address three of the most pressing social issues:

- 1 Education and employment – workplace equity and conditions.**
- 2 Climate change – managing our environmental footprint.**
- 3 Debt/poverty – financial inclusion, responsible lending and financial literacy.**

We have committed to work closely with our members on a series of initiatives to address these issues, in particular increasing our employee volunteering days, accessibility to banking services and disability training for staff.



## NEW ZEALAND



“By building a long-term response to these issues with Westpac and other partners we believe we can make progress.”

## ADVOCACY

## Lending to the green consumer

**As a responsible bank we recognise the importance of reducing our own impact on climate change, and this year we wanted to share that responsibility with our customers.**

We recognise that the household sector is increasingly being hit with rising energy prices and interest rates and we have an obligation to market our products responsibly. We conducted research with our customers to ascertain the viability of offering a 'green' retail banking product.



Rhoda Morrison

We found that 83% of customers who responded were interested in receiving deals for energy efficient and eco-friendly products as part of Westpac's home loan deal.

So, in March this year we launched the Westpac Green Home Loan, the first initiative of its kind in New Zealand. The product provides new and existing home loan customers with a book of coupons offering discounts on products such as hot water pumps, eco-friendly paints, furniture and insulation.

Rhoda Morrison, a Westpac customer for over 30 years, enquired about the Green Home Loan as she was interested in putting solar panels on her house.

As an eco-conscious and loyal Westpac customer, Rhoda believes this product is exactly what her bank should be offering. "It's a good thing to encourage people to look at saving money on power and being more energy efficient by using eco-friendly products".

Rhoda says the process of installing her Solahart solar panel was very simple and efficient. Rhoda would like to see Westpac market similar products more widely in addition to the existing coupons, a commitment that Westpac will adhere to as referenced in Our Principles for Doing Business.

In the first quarter of the launch, 11,000 voucher booklets were ordered by Westpac staff and we expect the vouchers to be redeemed periodically over the year. More information can be found at [www.westpac.co.nz](http://www.westpac.co.nz) under the About Us section.

## NEW ZEALAND

### ACTIONS

# What are we doing?

## Employees

**At Westpac we want to support all employees to be able to reach their full potential and to feel valued, fulfilled and challenged in their roles. We recognise that by reflecting the diversity of our community we will be better equipped to meet the needs of all our customers and provide them with excellent service.**

### Workforce profile and diversity

We employ 5,597 people in New Zealand and 71% of our workforce are women. Around 42% of managers and 28% of senior managers are women. Female representation at the executive level went from 29% last year to 9% this year due to timing of changes in the executive team. Our new GM for Regulatory Affairs and General Counsel, Mariette Van Ryn joined Westpac after the reporting period in October 2007 which will increase the female representation rate to 18% next year.

In collaboration with the New Zealand Equal Employment Opportunity Trust we developed a survey to determine the organisational and personal factors that either deter or assist women in taking up leadership roles within Westpac and other organisations.

256 Westpac female employees in Management, Specialist, Team Leader and Team Member roles participated in an online survey. We found that different issues affect women in leadership, such as family, male domination at senior management and work/life balance. While there is no one single issue evident, there are several core issues that would likely benefit from considered intervention, in particular leadership training, mentoring and implementing more flexible work structures.

This year we achieved a 5% increase in mature age workers, a trend we expect to continue.

### Work and life balance

Since 2002, Westpac has offered employees paid parental leave, providing a top-up payment for the first 12 weeks of paid parental leave in addition to the government payment. This year 313 employees accessed the parental leave.

Our key focus for the past year has been on female employees and parents returning to the workforce. As part of the Women in Westpac Program, and in response to feedback received from a parental leave survey, we are implementing a number of organisation-wide initiatives, including toolkits and training that will, amongst other things, facilitate better communication between people leaders and employees during the parental leave period.

Overall, managers at Westpac are seen as strong supporters of people taking parental leave and parents returning to the workforce. 64% of people surveyed said they were satisfied with the type and level of work they undertook upon their return.

### Employee commitment and engagement

Our Staff Perspectives Survey (SPS) is an opportunity for employees to give their opinions on issues that most impact their commitment to the organisation. This year 72% of our staff responded to the survey. Employee commitment dropped 5% to 67% this year, just under the global benchmark for financial services at 69%. Our SPS employee engagement score also dropped 4% to 73%. Next year we will use employee engagement as a more robust measure and we will be introducing an interim survey to gain a further understanding of the issues important to our staff.

Key areas for focus to emerge from our 2007 Staff Perspectives Survey include skills training and improving work processes and systems and addressing perceptions of pay through our new learning and development framework.

One of our goals is to have employees who are engaged and passionate about their communities. This year 88% of staff said that they believe Westpac's commitment to corporate responsibility and community involvement supports the vision of being a good corporate citizen, which strongly supports our business strategy.

### Attraction and retention

This year another 18 graduates started work in our Graduate Program. Of the 20 graduates that started in 2006, 16 remain in permanent roles. We will employ 14 new graduates due to commence work in 2008.

In November 2006, a Retention & Redeployment Specialist was recruited into the Recruitment & Retention team as part of the revised Talent strategy.

Employee turnover increased by 3% from last year to 18% which is partly attributed to significant organisational change. The number of redundancies for 2007 was 112. A key focus remains driving internal mobility, providing career pathways for existing employees and providing career transition, counselling and support to all employees being redeployed.

## NEW ZEALAND

### Occupational Health and Safety (OHS)

In 2006 we committed to developing and implementing strategies that support health, safety and wellness. As well as offering our people and their families a discounted health insurance plan, this year we launched a new 12 week workplace wellness pilot program called 10,000 Steps@Work, trialled in Auckland, with over 300 Westpac employees taking part.

In October we launched our early intervention program which describes the steps to take when our employees experience pain or discomfort that could progress to a gradual process injury. This year our Lost Time Injury Frequency Rate (LTIFR) went down from 2.02 to 1.65.

## Customers

### Customer satisfaction and advocacy

We have the highest brand awareness of all major banks and a growing consumer customer base, so there is a very big disconnect when customers continue to rate us poorly in satisfaction.

This year we are seeing signs of improvement as our customer satisfaction rating increased from 58% to 59%. We have launched a new measurement tool, called the Net Promoter Score (NPS), to gain a better understanding of what drives customer satisfaction and measure the loyalty of our customers. Every quarter we will ask our customers to give us feedback about our products and services to help us focus on the critical areas we need to address.

### Customer complaints and problem resolution

This year we looked deeper into the causes of customer complaints. We responded to feedback from both customers and employees who told us our fee structures were too complex through product development and by providing new simple, transaction and service fee brochures. We have found that although complaints about the communication of our information decreased from 11.6% to 10.1%, complaints about fees, charges and interest rates have increased 7% from 42.2% to 49.2%. To ensure that Westpac has a clear and coordinated response to problem resolution, our Service Quality team will be focusing on conducting deeper analysis into the causes of complaints next year. This will require a comprehensive complaints capture mechanism, an efficient and effective problem resolution process, and staff commitment to the program.

### Responsible products and services

Part of being a responsible bank is ensuring all of our customers have access to a range of products and services to help them achieve their financial goals. Last year we launched our Visa Debitplus card, which carries the same transactional fees for customers as EFTPOS and for Westpac customers using an Elect account, there are no fees for electronic transactions. We continue to be the only bank in New Zealand to offer a product of this type.

### In response to concerns about rising debt levels in New Zealand we have developed a tool kit for employees to deliver financial literacy workshops to customers and the wider community.

We updated our website access to online calculators, tools and information about our workshops – [www.westpac.co.nz/mym](http://www.westpac.co.nz/mym)

This year we launched a retail banking product aimed at increasing consumer awareness of environmental issues. Our Green Home Loan provides our customers with discounts on environmentally friendly products and services to help reduce their carbon footprint and save money on their utility bills.

We also launched a premium service for people living in their retirement in partnership with the government's SuperGold card. Our special offers are a way of recognising the value and importance of our senior customers, and includes special rates on term deposits, no monthly or transaction fees on everyday accounts (as per current policy) and other no-fee attributes to existing products and services.

### Accessibility and affordability

We believe the Westpac KiwiSaver scheme is an excellent way to help New Zealanders save for their retirement and build their financial independence. This year Westpac was one of the first banks to market its product and as at October 2007 we have attracted one in every five people who actively choose their KiwiSaver provider.

We held a nationwide roadshow for employers to help them understand the benefits of saving for retirement and information about the Westpac KiwiSaver scheme, offering a free financial literacy workshop for their staff.

In the three months since the launch, we have signed up 20,000 individual customers and over 2,000 employers who employ around 30,000 staff.

Westpac Migrant Banking offers wide and accessible banking services to people immigrating to New Zealand. Last year we committed to increase our service across our New Zealand branch network as we recognise that our customers want access to skilled employees who are fluent in their language. During 2007 we expanded our services for the SME and consumer markets and, as a result of this investment, we have seen a 38% increase in the number of Westpac Migrant Banking customers.

### Banking security

This year Westpac was the only bank in New Zealand to offer customers full protection in the event of online fraud. The Online Banking Guarantee reassures customers that we will reimburse them, in full, if they become a victim of online fraud.



## NEW ZEALAND

### ACTIONS

## Social and Environment

### Community contributions

We believe our people play a huge role in giving back to the local New Zealand community. This year our employees raised over \$60,000 for their chosen charities, matched dollar for dollar by Westpac.

We contributed 516 days through our staff volunteer day program, and invested nearly \$5million back into the New Zealand community.



We recognise that the 12% decrease in employee volunteer days is partly due to pressures on our frontline staff and the level of internal promotion of how to get involved in the local community. To increase our volunteer contribution next year, we will be working more closely with our sponsorship partners and Community Consultative Council Members and we will update employees regularly about volunteering ideas and opportunities through our various communication channels.

Our annual Westpac Chopper Appeal is a highlight in our community and sponsorship calendar, and provides opportunities for staff, customers and the community to support rescue helicopters all over New Zealand. This year we challenged ourselves to increase the funds raised by at least 5%, and we raised over \$770,000.

This year we have streamlined our sponsorships in line with our business strategy. We became the principal sponsor of the Halberg Trust, taking over the naming rights of the annual New Zealand sporting awards, now known as the Westpac Halberg Awards. Established in 1963 by Sir Murray Halberg, the Halberg Trust raises funds to support people with a disability. Our commitment is for three years and covers the awards, the introduction of a new Westpac Emerging Talent category (providing a \$25,000 scholarship to the winner), a series of regional fundraising events and a commitment to associated community programs.

### Community in Action

Last year we committed to recruit around 32 people through our Community in Action program – a recruitment initiative run by an external consultancy called Latitude. The program, a part government funded initiative, helps suitable people who struggle to get work experience locate employment at Westpac and other organisations. However, as part of a refocus of our community and recruitment initiatives, it was decided this year not to renew the contract with Latitude.

### Financial capability

In 2006 we launched our financial literacy program called Managing your Money, which includes tools to help people make the most out of money. This year we updated our workshop toolkit and materials which are now accessible to employees on the intranet.

Information about Managing your Money and our calculators and tools are now available on our website [www.westpac.co.nz/mym](http://www.westpac.co.nz/mym)

Westpac has also committed funding and staff time for three years from 2005-2008 to Building Better Schools through the Business Partnerships Program. A total of six primary schools in the Auckland region will benefit from this funding. The program aims to use our expertise as a bank to help Boards and School Management manage the school's finances like a business. Our support this year involved providing employees for the annual school camp, helping the school run a fundraiser and donating rain jackets to help stop truancy on a rainy day.

### Indigenous partnerships

Westpac New Zealand participates on the Westpac Indigenous Working Group which is tasked with developing a strategic approach to working alongside Indigenous and Pacific Island communities.

Next year we will develop our Statement of Indigenous and Pacific Island Community Commitment. This Statement will outline the high level approach we intend to take to help Indigenous and Pacific Island communities achieve their financial aspirations, such as through our Managing your Money workshops.

### Climate change

As our business continues to grow we are measuring our outputs of CO<sub>2</sub> per active customer. In 2007 we had a 2.7% growth in active customers resulting in a 1.2% increase CO<sub>2</sub> emissions per active customer from the previous year. In 2008 we will set in place specific targets to minimise our direct environmental footprint while moving towards carbon neutrality.

This year we reviewed our approach to capturing data for our emissions and have restated our CO<sub>2</sub>-equivalent emissions for the past four years using the market standard coefficient. This year our CO<sub>2</sub> emissions increased by 1.5% to 8,776 tonnes of CO<sub>2</sub>. Next year, we will develop and implement a greenhouse gas emissions reduction program.

Construction is underway with our two buildings at Auckland's historic Britomart precinct, to house a new operations centre and corporate headquarters. The buildings will be Green Star NZ rated and will be an integral part of the revitalisation and preservation of this historic precinct, so indelibly associated with Auckland's development as a commercial and trading hub.

This year we formalised the development of an environmental work program with the Sir Peter Blake Trust to engage our employees, their families and the wider community in the positive ways they can help reduce the impact of climate change. In 2008 we will assist the Trust to launch Care for our Coast, a conservation initiative that encourages local schools, businesses and community groups to participate in improving and protecting the local marine environment.

## NEW ZEALAND

## OUTCOMES

How did we do?

## 2007 objectives

## Employees

**Deliver the Leadership framework across the New Zealand business by 31 October 2007.** 100% delivery. ✓

**Maintain employee commitment at 72%.** Employee commitment was 67%. ✗

## Customers

**Launch innovative tool to help customers with money management.** Launched Westpac DebitPlus visa card. ✓

**To increase customer satisfaction by more than any peer.** Consumer customer satisfaction up 1% to 59%. ✗

## Social and Environment

**Launch Green Home Loan product.** Launched in March 2007. ✓

**Continue to reduce paper consumption.** Paper usage increased by 19% due to local incorporation regulatory requirements. ✗

**Roll out Managing your Money to the majority of our people by end of 2007.** Updated toolkit for staff on intranet, most Area Managers trained. IN PROGRESS

## 2008 Objectives

## Employees

- Maintain employee engagement of 73%.
- Number of work days lost per 1 million hours worked is 7 days.
- Implement diversity strategy.

## Customers

- Increase brand consideration.
- Review customer performance metrics to incorporate loyalty and advocacy measures.
- Develop New Zealand Responsible Lending Principles.

## Environment and Social

- National roll out of Managing your Money workshops.
- 10% increase in volunteer days taken.
- Adapt Group Statement of Indigenous and Pacific Island Community Commitment.
- Reduce emissions of CO<sub>2</sub> per active customer.

Our full report on progress against objectives is available at [www.westpac.co.nz](http://www.westpac.co.nz)

tomorrow

## PACIFIC BANKING

# What do we believe?

### PHILOSOPHY

**Westpac Pacific Banking provides banking and financial services to consumer, business and government customers across eight cultures, a number of time zones, seven economies and currencies, seven different governments and hundreds of different languages and dialects.**

### Our footprint

	2007	2006	2005
Total assets (\$bn)	1.8	1.6	1.3
Economic Profit (\$m)	69	62	63
Customers (m)	0.2	0.2	0.2
Employees (#)	1,202	1,102	1,108

We are represented in the Cook Islands, Fiji, Papua New Guinea, Samoa, the Solomon Islands, Tonga and Vanuatu.

We provide banking services to more than 270,000 customers and employ more than 1,200 people in Sydney and across the Pacific. Over 97% of our South Pacific island employees are local residents, who live and work in their local community.

The majority of our business focuses on providing sales and service to our business customers. We also operate through 48 branches and agencies, 65 ATMs, an extensive EFTPOS network, and provide Internet Banking in all seven countries. We support Electronic Telephone banking operations in Papua New Guinea and Fiji and manual Telephone Banking in Tonga.



## PACIFIC BANKING

# Why do we do it?



VALUE

**Jane Kittel,**  
General Manager,  
Pacific Banking

This is the third report in which Pacific Banking has reported against our commitment to corporate responsibility and sustainability. This allows us to discuss the unique economic, environmental and social issues impacting our operations and the countries where we live and work in the Pacific.

It has been a challenging year for Pacific Banking, with political unrest in Tonga and Fiji, an election in PNG, and the tsunami in the Solomon Islands. We have had to invoke situation management processes in each country during specific periods of unrest, with significant time focused on regular monitoring and reporting.

The security and safety of our employees, as well as our customers and assets, has been paramount.

Despite these challenges, we have made great progress in improving the products and services we provide. Our employees in the region also continue to go that extra mile in volunteering through a wide variety of community programs and organisations dedicated to improving quality of life, focusing on health and education issues.

Climate change is also a growing issue, and one which will affect the Pacific well into the future.

Overall, there is no doubt that sustainability is a critical issue for the region. It remains our responsibility to ensure our policies and practices continue to support our employees and customers in meeting these challenges head on.

## PACIFIC BANKING

# Climate change in the Pacific – a risk or opportunity?

Pacific Island countries, despite being amongst the lowest emitters of climate changing gases, are on the front line of climate change impacts.

### ISSUES

Due to their small and fragile geographies, largely coastal communities, remoteness from major markets and economic reliance on their natural resources,

**Pacific Island nations are often referred to as the ‘canaries in the coal mine’ when it comes to the issue of climate change.**

Across all Pacific Island nations, key development sectors, such as agriculture, marine resources and tourism, are at high risk. Increased temperatures, changing rainfall patterns, rising sea levels and stronger and more frequent extreme events are already having an impact on the economies and livelihoods of these small island nation states.

In 1998, the island nation of Palau saw up to one third of its coral reefs bleached due to increased sea surface temperature, which later equated to a loss of USD 91 million, and saw annual tourism revenues drop by 9%. Cyclone Heta in 2004 caused damage to Niue worth more than 20 years of the country's annual export value, with recovery exceeding more than 2.8 times Niue's GDP.

The World Bank estimated that in the 1990s alone, the direct cost of extreme events in the Pacific exceeded US \$1 billion, causing losses that exceeded the GDP of some Pacific nations.

Climate change does not just impact upon the economy, but also has long lasting impacts upon the people and communities of the Pacific.

There are now many examples of innovative businesses and industries who are already taking the lead in showing that addressing climate change now makes good business sense. As businesses work to reduce their own carbon footprints, the economic returns speak for themselves. The technology to reduce climate change already exists – what is needed now is the will and investment to make it happen.

Banks can play a role in encouraging developers to ensure that they not only reduce their carbon footprint, but, particularly in more vulnerable nations, also take measures to build resilience to the impacts of climate change into account when developing new projects.

For example:

- Encourage home owners and businesses in the Pacific alike to install independent water storage systems, so that new properties do not compete for increasingly scarce water resources.
- Use economic incentives to reward property developers for more energy efficient and climate resilient designs.



## PACIFIC BANKING

### ADVOCACY

# Educating for the future

**As a major provider of banking and financial services in the South Pacific, we are in a unique position to provide stability and security to many countries in the region.**

We also have an integral role in improving general levels of health and education through our networks and sponsorships. This we have done through our link with the University of the South Pacific (USP).

Established in 1968, USP is the only university of its type in the world. It is jointly owned by the governments of twelve island countries: Cook Islands, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu and Samoa. The University has Campuses in all twelve member countries.

Last year we entered into a strategic partnership with USP and launched the Westpac Internship Program.

We provide 11 internships to USP students annually. This includes four students in Fiji, two students in Samoa, two students in the Solomon Islands, and three students in Vanuatu.

Our internship program allows USP students to gain valuable work experience. Short-term internships vary from a minimum of four weeks to a maximum of 16 weeks, and are available in Pacific Banking branches and call centres, as well as more specialised areas such as finance, treasury, marketing, international sales and IT.

Students do not receive payment for their work during the internship – rather they receive a valuable opportunity to apply their learning in a “real-world” business context. The program also assists students to set careers goals, gain experience and develop skills to help the transition between education and work.

We believe that by supporting educational programs such as this, we can help future leaders in the Pacific unlock their potential and contribute to the ongoing sustainability of their communities.

- Discourage new developments in higher risk areas, but encourage property developers to leave a buffer zone (such as natural mangroves) between their property and the coastline.

As we move into a world very much impacted by climate change, we may no longer be able to rely on traditional insurance schemes to offer risk protection. In many Pacific Island countries, it is no longer possible to insure one's property against cyclone damage or coastal storm surge. The longer we wait to actually address climate change, therefore, the more severe the impacts that we will have to address in the future.



Diane McFadzien  
WWF International, Asia Pacific



## PACIFIC BANKING

### ACTIONS

# What are we doing?

## Employees

At year end we had more than 1,200 employees, of whom 84% were full time and 97% local residents. Around 58% of our workforce is female, and 37% of our managers are female.

In 2007 we achieved a 98% response rate in our Staff Perspectives Survey (SPS), a top quartile return rate. Employee commitment was 79%, up 5% on 2006 and well above the Global Financial Services Norm.

Our 2007 SPS results indicate an upward trend across all areas with significant improvements in Pay (up 7%), Flexibility and Diversity (up 5%) and Communication (up 4%). When compared to industry benchmarks, we are equal or above in every category.

The 2007 People Leader Index scores indicate that collectively people leaders are performing strongly on Westpac's values, as Pacific Banking's results are significantly above the benchmark comparisons. Our largest gap is around our people leaders giving regular feedback to improve performance.

In response to employee feedback through the SPS, we are focused on flexibility and diversity, performance planning and appraisals, training, learning and development and pay issues. This year Pacific Banking committed over AU\$1m in development programs across the region over 2 years.

We now have the highest compliance rate in Westpac's 'Doing the Right Thing' training, while the 'Living the Values' program has been embedded into performance appraisal since October 2006.

Our leadership development agenda included the: 'Create the Difference' program, promoting team diversity; People Leaders' Skills program, aimed at developing team coaching, networking and other leadership skills; and the Life Styles Inventory, a feedback tool enabling senior leaders to strengthen their leadership skills.

The 2007 Learning Program also included Sales and Service, Treasury accreditation and Anti Money Laundering. We reviewed the Ask Once recognition scheme during 2006 to communicate, promote and further embed 'Ask Once' across the region. In May 2007 we began implementation of the 'Westpac Way' sales management program to improve further the customer experience.

Through the SPS, our employees also raised issues around pay and benefits. We established a working group of Country Heads, People

and Performance and Westpac's Enterprise Reward Team to review competitive and market relative pay and benefits. Full results will be finalised early 2008.

We produced a booklet on pay principles and created a new intranet site providing detailed information on existing policies and progress on pay and leave benefits. For the first time, we have established a uniform Profit Share scheme for Pacific Banking employees (excluding those located in Australia), linking to the success of the organisation.

In April 2007 we announced new leave policies, establishing a standard minimum aligned across the Pacific. This has brought greater uniformity to policies covering a range of leave situations including maternity/paternity, carer's, compassionate, study, annual, and long service leave.

## Customers

We operate 48 branches in the Pacific, including five agencies and 65 ATMs across the Pacific Islands, steadily increasing our footprint across the region. We now provide Internet Banking to more than 12,000 customers. We have Telephone Banking in Fiji, PNG and Tonga, while Fiji and PNG offer both an automated and operator based service.

Customer satisfaction for relationship managed customers this year improved in three of the Pacific locations, with slight decreases reported for the other three markets surveyed. The ratings range from 7.2 out of 10 to 8.2. For mass market customers, overall satisfaction improved everywhere except Fiji, which experienced a slight decline. Ratings were not recorded for Solomon Islands and were not available for PNG for mass market customers.

The coup in Fiji and riots in Tonga had major impacts on local businesses. The Fiji team's efforts to rebuild business and the vital tourism industry included sponsoring the Tourism Action Group. We also visited customers to review debt repayments in light of the troubled times and offered personalised deferred payments options.

In Tonga we offered a Disaster Recovery Package for customers. This allowed business customers the option to defer debt repayments for up to six months and three months for consumer customers. A cash pick-up service for impacted business customers was also offered. The Tonga team also helped three competitor banks by providing daily cash holding facilities while these organisations operated out of temporary sites.

During 2006/7 we launched a new Internet Payment Gateway, the first e-commerce banking facility of its kind across the Pacific, enabling customers to purchase online a range of services such as electricity, accommodation and airline tickets, and providing business clients with new transaction channels.

We launched an exclusive agreement with American Express which gives Westpac exclusive licence to issue local currency American Express cards and to acquire merchants on the American Express global network in our seven Pacific Island locations.

We launched PNG's first Women in Business Awards to highlight the important contribution women make to business in that country and to provide improved visibility for the rise of women in senior leadership positions. This builds on the success of the Awards in Tonga launched in 2004, and Fiji in 2003.

## PACIFIC BANKING

We successfully trialled a remote banking solution on Wakaya Island and Savu Savu in Fiji. Using our EFTPOS infrastructure, the rural banking project allows resorts to eliminate the need to handle large amounts of cash for employee wages and encourages the staff population to start savings accounts. Employees are able to access cash and purchase groceries through local outlets, minimising the need to travel to the mainland to use the ATM. Basic money management education is the next step in the program's agenda.

In PNG, we responded to employee suggestions to provide mobile banking services to customers by purchasing seven new cars for Branch and Sales Managers.

In 2006/07 we developed plans to offer micro-financing support for village businesses in Fiji, working with local business organisations to promote small business creation. We have offered to open Deposit Bearing Interest Cheque accounts for any new small business and assist through provincial business companies in terms of micro-financing.

### Environment

We are committed to managing our impact on the environment and to supporting initiatives with high environmental benefit in the region. The threat of climate change and global warming makes the Pacific particularly vulnerable to rising sea levels and flooded homelands.

We are already beginning to see some of the physical impacts of climate change and the flow-on effect this will have on the economies of the region. We are promoting greater awareness of climate change issues so our people can understand its implications for their customers and their local communities.

In 2006, we began measuring and reporting on our environmental performance for the first time.

During 2007 we rolled out Bizedoc across the Pacific, an online archival management reporting system which significantly minimises paper usage. We are also using the intranet to house documents so employees can print forms on demand rather than bulk print publications. We also continue to investigate IT options to minimise energy consumption of our office equipment.

Other environmental initiatives include 'greening' our Cook Island branch and three residences by using energy saving light bulbs, light sensors, and flat screen monitors for PCs, which dramatically reduced our annual energy consumption.

Westpac Fiji is one of the founding major sponsors of the Rotary Pacific Water for Life Foundation which aims to provide access to clean and safe drinking water in the rural areas of Fiji.

Our lending guidelines state that we will not provide a loan where the purpose breaches environmental law. In relation to resource projects financed in the Pacific, Westpac is a signatory to the Equator Principles.

### Social

Pacific Banking has a long history of active participation in local island communities.

We have introduced a Pacific-wide version of the "Financial First Steps" program. The program teaches attendees from various school and community groups fundamental budgeting and money

management skills. The program leverages learnings from the Australian, New Zealand and Indigenous versions of the program and was adapted to include specific Pacific Island material.

Our team in Tonga has been visiting local villages, introducing the villagers to financial services such as telegraphic transfers and savings accounts for the first time. Our Fiji team held basic financial literacy programs in the Fijian dialect at village and provincial levels. The workshops are set up through the Provincial Council's business arm and held at the chief village of a province.

Westpac Fiji is working jointly with the Ministry of Education and the Fiji Development Bank, targeting young people to open savings accounts and promote savings education through the 'Moneysmart' program. To date, Westpac Fiji staff have delivered a number of presentations and opened over 3,900 new student accounts.

A number of our Pacific Banking employees were recognised in the Group-wide CEO Corporate Responsibility and Sustainability Awards. A Fiji branch team took out the Gold Team Community Award for their outstanding work with the Labasa School for Disabled Children, while a PNG team won the Bronze Team Community Award for their efforts with Port Moresby General Hospital's HIV/AIDS ward.

A Tongan team also received a Special Commendation award for their 'Walk for Health' fundraiser and outreach program that delivered food and household appliances to elderly and disabled residents of island communities in Tonga.

Over the year, Westpac Samoa granted 42 scholarships to college and primary school students. The program has been in place for the last six years and provides support to high performing students from financially disadvantaged families.

### Finance and governance

We delivered our Anti Money Laundering and Counter Terrorism awareness training program across Pacific Banking, providing country specific skills development to meet local legislative requirements.

In alignment with Group-wide policy, we established a gifts and hospitality register as a tool to help manage potential conflicts of interest.

## OUTCOMES

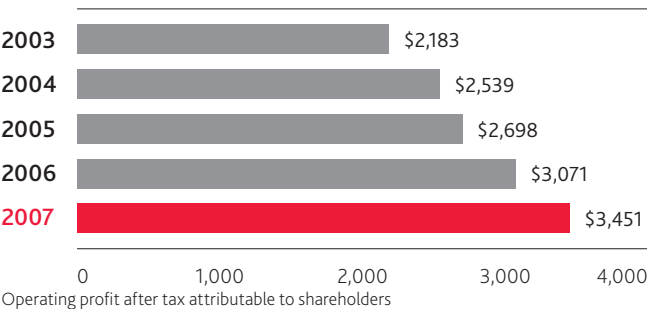
### 2008 objectives

- In 2008 we will develop strategic objectives for corporate responsibility and sustainability across Pacific Banking.

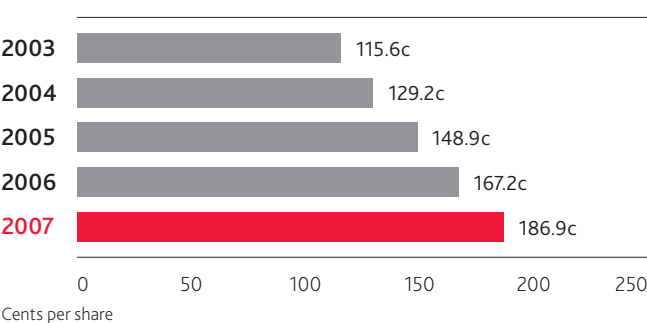
WESTPAC GROUP

Financial

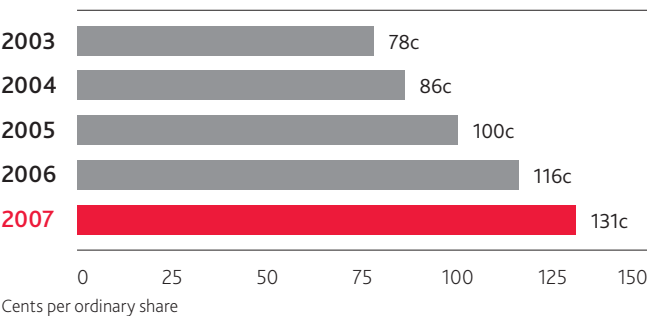
Profit (\$m)



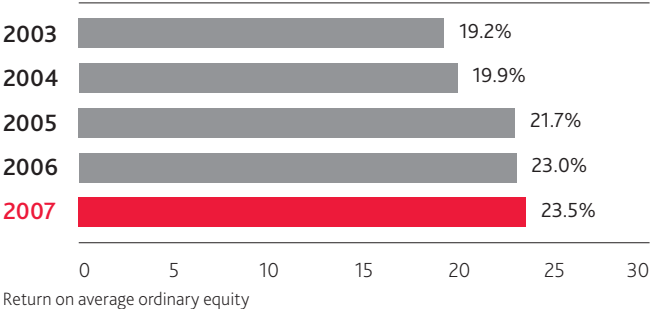
Earnings per share (cents)



Dividends (cents)



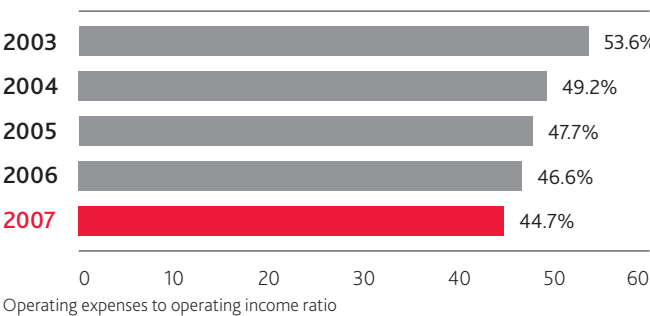
Return (%)



Staff productivity ratio



Efficiency (%)





## FACTPAC

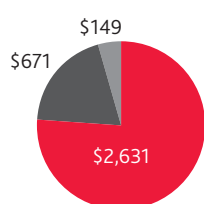
### Market price to net tangible assets

	2007	2006	2005	2004	2003
Share price (\$)	16.2	17.7	21.1	22.7	28.5
Net tangible assets per share (\$)	4.97	5.47	6.21	6.12	6.96
Ratio <sup>1</sup>	3.26	3.24	3.40	3.71	4.09

<sup>1</sup> Ratio of share price divided by the net tangible assets per share

### Profit and assets by region (\$m)

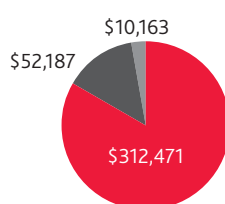
#### Profit



Total \$3,451



#### Assets

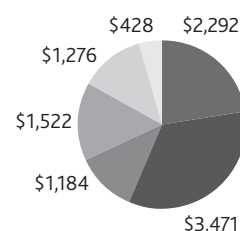


Total \$374,821



### Operating income by key business unit (\$m)

Total \$10,173



### Value generation (\$m)

	2007	2006	2005 <sup>1</sup>	2004	2003
Gross value add					
Net interest income	6,313	5,642	5,259	4,755	4,326
Commissions & services net income	1,832	1,766	1,853	1,742	1,697
Trading operations net income	660	525	332	399	409
Life insurance & fund management net income	1,146	980	1,038	869	761
Other income	222	304	231	245	137
Net operating income	10,173	9,217	8,713	8,010	7,330
Suppliers & non-salary input costs	(2,120)	(2,113)	(2,120)	(2,061)	(2,005)
Gross value add	8,053	7,104	6,593	5,949	5,325

<sup>1</sup> Figures re-stated due to changes in accounting standards

### Value distribution (\$m)

	2007	2006	2005	2004	2003
Dividends	2,332	2,822	1,963	2,109	1,428
Retained profit	1,184	303	965	470	763
Taxes	1,630	1,422	1,222	913	728
Salaries & bonuses	2,049	1,847	1,648	1,588	1,471
Social charge	52	47	44	42	37
Depreciation & write-offs	800	663	829	836	898
<b>Total</b>	<b>8,047</b>	<b>7,104</b>	<b>6,671</b>	<b>5,958</b>	<b>5,325</b>

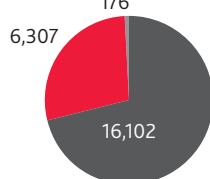
## AUSTRALIA

# Employees

### Westpac workforce

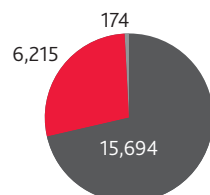
■ Full time  
■ Part time  
■ Temporary

2007



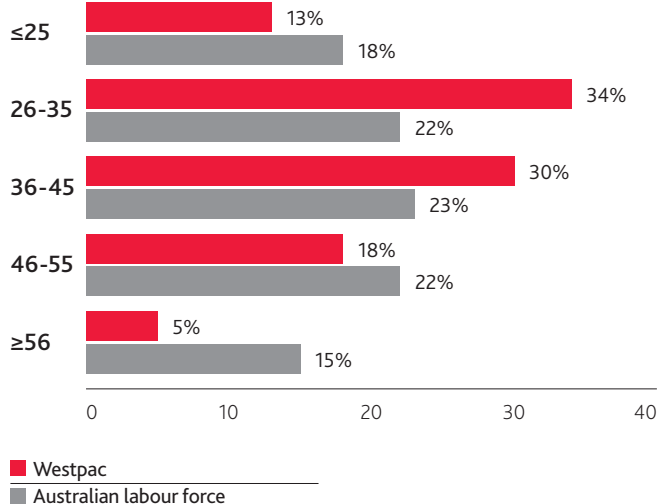
Total 22,585

2006

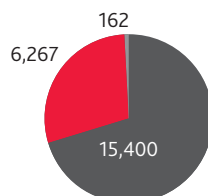


Total 22,083

### Age profile of workforce compared to Australian labour force (%)

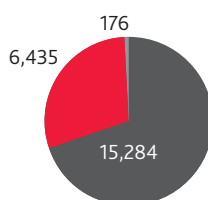


2005



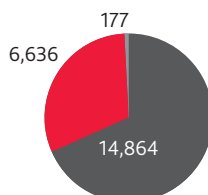
Total 21,829

2004



Total 21,895

2003



Total 21,677

### Gender and age profiles (%)

		≤25	26-35	36-45	46-55	≥56
Female	2007	13	34	29	19	5
	2006	13	34	29	19	5
Male	2007	13	35	30	17	5
	2006	13	35	30	17	5

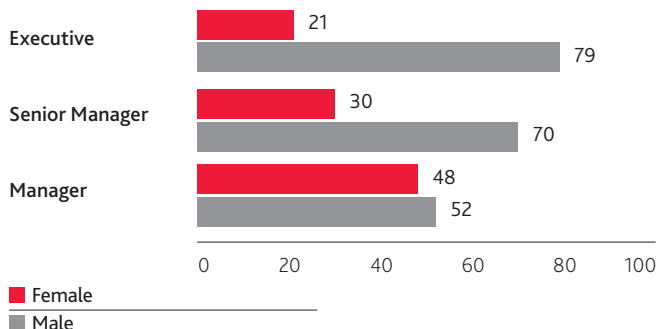
### Male/female salary ratio<sup>1</sup>

Management level	FTE base salary <sup>1</sup> (male:female)	Total cash <sup>2</sup> (male:female)
Non-management	52:48	52:48
Junior management	51:49	52:48
Middle management	50:50	51:49
Senior management	52:48	53:47
Top management	52:48	55:45

<sup>1</sup> FTE Base salary is an incumbent's Full Time Equivalent base salary excluding superannuation, leave loading and any other allowances

<sup>2</sup> Total cash is an incumbent's FTE Base (FTE) + short term bonus for the performance period 2006-07 (it excludes superannuation and any other allowances e.g. leave loading)

### Women in management (%)



### Employees doing overtime<sup>1</sup>

	2007	2006	2005	2004	2003
% working overtime	49	50 <sup>2</sup>	32	33	28
Average overtime worked as % of standard hours <sup>3</sup>	2.3	2.3	3.0	2.3	8.6

<sup>1</sup> Non-packaged employees recording overtime during the year

<sup>2</sup> This figure has increased because of the implementation of improved data capturing systems and the commencement of extended hours trading

<sup>3</sup> Figures re-stated applying correct methodology

## FACTPAC

### Employee satisfaction<sup>1</sup> (% favourable)

	2007	2006	2005	2004	2003
Community/social	88	86	87	87 <sup>2</sup>	86
Work-life balance	66	68	64	61	60
Communication culture	74	72	72	67 <sup>2</sup>	60
Training & development	64	60	68	69	64
Job security	73	71	72	72	66
Remuneration	38	36	36	37	37
Employee commitment	71	68	69	68	65

1 Westpac Group-wide figures

2 Survey questions modified slightly since 2003

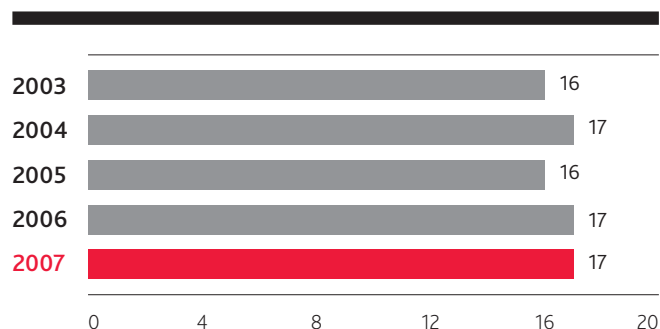
### Accumulated annual leave

	2007		2006		2005		2004 <sup>2</sup>		2003	
	#	%	#	%	#	%	#	%	#	%
<4 weeks	14,957	65	14,098	64	15,668	70	14,843	67	13,167	63
≥4 & ≤8 weeks	6,429	28	6,303	29	5,533	25	6,702	30	5,863	28
>8 weeks	1,660	7	1,539	7	1,132	5	736 <sup>1</sup>	3	1,764	8
<b>Total</b>	<b>23,046</b>	<b>100</b>	<b>21,940</b>	<b>100</b>	<b>22,333</b>	<b>100</b>	<b>21,545</b>	<b>100</b>	<b>20,794</b>	<b>100</b>

1 Incorrectly stated as 22,281 in 2004

2 Figures include BT Financial Group for the first time

### Employee turnover<sup>1</sup> (%)



1 Employee turnover includes both resignations and involuntary separations such as retrenchments

### Employees accessing external training<sup>1</sup>

	2007	2006	2005	2004	2003
Employees	780	646	765	538	654
\$ Value	\$1.4m	\$1.0m	\$1.1m	\$1.4m	\$1.7m

1 External tertiary training

### Employees accessing paid parental leave

	2007	2006	2005	2004	2003
Employees	1,150	1,025	1,049	1,097	1,077

### Utilisation of Westpac child care centres

	2007	2006	2005	2004	2003
Families	360	347	435	302	246
Children	453	412	489	388	296
Child care centres	9	8	6	6	5

Note: Kids@Kent closed 2005; Brisbane Central and Sussex St, Sydney opened 2006; Market St, Sydney opened 2007

### Lost time injury frequency rate

	2007	2006	2005	2004	2003
Number of lost time injury claims per million hours worked <sup>1</sup>	3.84	5.20	5.20	7.07	6.54

1 Rate calculated using Australian Standard 1885.1



## AUSTRALIA

# Customers

## Customers (m)

	2007	2006	2005	2004	2003
Australia <sup>1</sup>	5.4	5.4	5.3	6.6	6.3
New Zealand	1.5	1.4	1.4	1.4	1.4
Pacific and other	0.2	0.2	0.2	0.2	0.3
<b>Total</b>	<b>7.1</b>	<b>7.0</b>	<b>6.9</b>	<b>8.2</b>	<b>8.0</b>

1 Figures re-stated in 2005 and 2006, to reflect a reconciliation of various customer information systems

## Branch representation

Branches	2007	2006	2005	2004	2003
Australia	825	817 <sup>1</sup>	813	812	812
New Zealand	197	196	195	196	200
Pacific and other	48	47	48	57	57
<b>Total</b>	<b>1,070</b>	<b>1,063</b>	<b>1,056</b>	<b>1,065</b>	<b>1,069</b>

1 Re-stated for correct reporting period

## Online banking customers (m)

	2007	2006	2005	2004 <sup>1</sup>	2003
Australia	2.5	2.3	1.9	1.5	1.8
New Zealand	0.6	0.6	0.5	0.4	0.3
<b>Total</b>	<b>3.3</b>	<b>2.9</b>	<b>2.4</b>	<b>1.9</b>	<b>2.1</b>

1 Figures revised downwards to reflect active registered customers

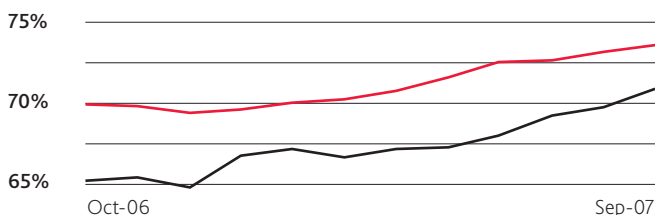
## ATM distribution

	2007	2006	2005	2004	2003
Australia	1,666	1,637	1,653	1,642	1,587
New Zealand	476	463	466	470	480
Other	65	51	42	41	38
<b>Total</b>	<b>2,207</b>	<b>2,151</b>	<b>2,166</b>	<b>2,153</b>	<b>2,105</b>

## Application of Equator Principles

		Loan value	Equator Principles category		
			A	B	C
Transactions closed	27	\$2,176m	1	23	3

## Customer satisfaction



Data shows 12 monthly moving average

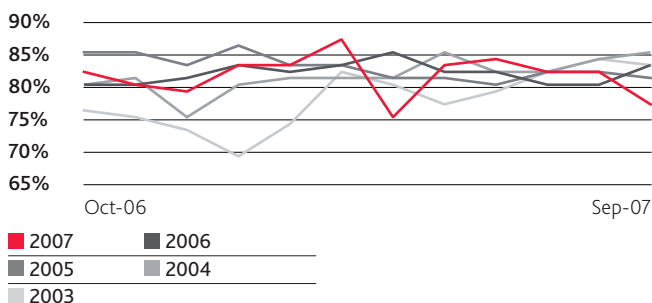
■ Consumer<sup>1</sup>

■ Business<sup>2</sup>

1 Roy Morgan Customer Satisfaction 12 month moving average

2 TNS Customer Satisfaction 12 month moving average

## Complaints resolution rates



## Complaints types (%)

Complaint type	2007	2006	2005	2004	2003
Product, commercial & business	6	9	9	9	6
Information & advice <sup>1</sup>	9	12	13	14	23
Fees, charges & interest rates	54	40	35	27	17
Process & procedure	21	28	30	33	29
Staff service quality	10	12	14	17	27

1 Includes complaints relating to product, information and advice

## Banking Financial Services Ombudsman (BFSO) dispute resolution (%)

	2007	2006	2005	2004	2003
Resolved with customer	95	96	93	91	84
BFSO investigation but resolved with customer	3	3	6	8	14
Required an BFSO recommendation	2	1	1	1	2

## FACTPAC

### Insurance complaints

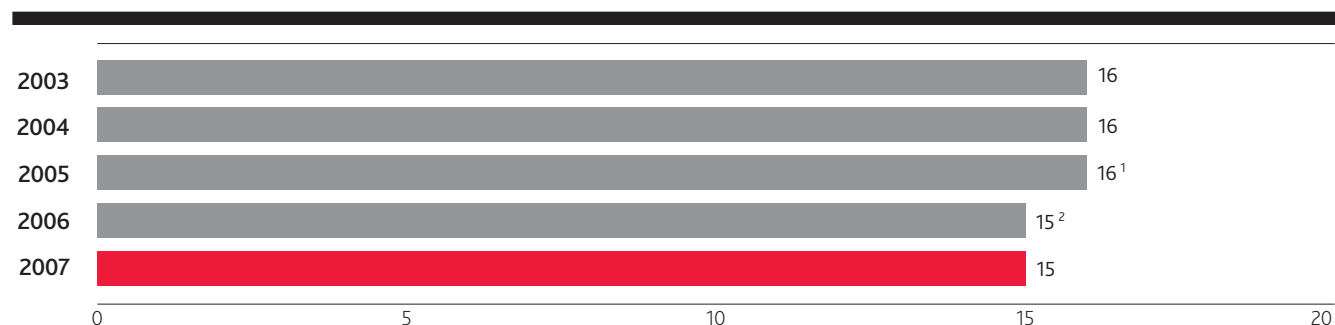
General insurance	2007	2006	2005	2004	2003
Number of claims	31,173	28,997	29,942	29,957	32,578
Number of complaints	240	230	238	168	186
% of complaints	0.8	0.79	0.8	0.6	0.6
Life & risk insurance					
Number of policies	345,946	329,023	340,227	336,981	281,866
Number of complaints	1,851	1,659	1,470	1,708	1,570
% of complaints	0.5	0.5	0.4	0.5	0.6

### Credit overcommitment

Proportion of accounts overdue ≥90 days (%)					
Product	2007	2006 <sup>1</sup>	2005	2004	2003
Mortgages	0.28	0.24	0.18	0.15	0.17
Cards	0.37	0.32	0.30	0.45	0.40

1 Re-stated to correct rounded decimal point

### Low income access (%)



### % of customers receiving pension or welfare payment

1 Estimation based on previous years

2 Changes to Centrelink transaction code allocations render data from 2005 onwards incomparable with prior years

### Affordability of transactional services (\$)

Pension status	Average fees paid as a % of pension									
	Basic account					Deeming statement account				
	2007	2006 <sup>1</sup>	2005	2004	2003	2007	2006	2005	2004	2003
Single	0.0008	0.002	0.03	0.10	0.08	0.08	0.08	0.08	0.08	0.07
Couple	0.0005	0.0009	0.02	0.06	0.05	0.05	0.05	0.05	0.05	0.04

1 The excess transaction fee for Basic is significantly lower from 2005 because we increased the free withdrawal allowance from 6 to 20 in Dec 2005 and in July 2006 introduced Westpac One Basic with unlimited fee-free transactions

## AUSTRALIA

### Business lending profile (% of business lending)

	2007	2006	2005	2004	2003
Transport	3.5	3.6	3.8	4.0	4.0
Travel & tourism	5.2	4.7	4.9	5.4	6.0
Forestry & agriculture	8.6	9.4	9.9	10.5	11.0
Finance	9.8	9.9	9.6	9.4	9.0
Housing, education, welfare & leisure	5.2	5.0	5.1	5.0	5.0
Construction	4.7	4.4	4.7	4.8	4.0
Retail	15.2	15.2	16.2	16	16.0
Wholesale	6.1	5.7	5.8	5.7	6.0
Chemical, minerals & machinery	0.7	<1	<1	<1	<1
Professional services	5.5	8.8	8.7	9.2	9.0
Real estate	29.4	26	24.5	23.0	23.0
Other	6.1	6.9	6.4	6.4	7.0

### Business lending with a high social benefit

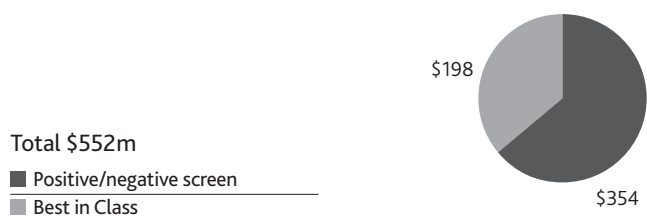
	2007	2006	2005	2004	2003
SME lending as % of total business lending (%)	12	15	16	14	12
Lending to businesses with outstandings <\$5m (\$m)	61	67	71	72	75

### Country profile of institutional banking activities

Country income classification	Customers				% of total		Exposures			
	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003
Low	0.12	0.23	0.40	0.35	0.37	0 <sup>1</sup>	0.12	0.10	0.20	0.20
Low-middle	0.35	0.35	0.80	0.18	0.37	0 <sup>1</sup>	0.00 <sup>1</sup>	0.70	0.10	0.20
Middle-upper	0.81	0.70	0.60	0.18	0.19	0.03	0.19	0.10	0.10	0.10
High	98.73	98.71	98.20	99.30	99.07	99.97	99.69	99.10	99.70	99.50

<sup>1</sup> Exposure too small to register

### Socially Responsible Investment (SRI) (\$m)



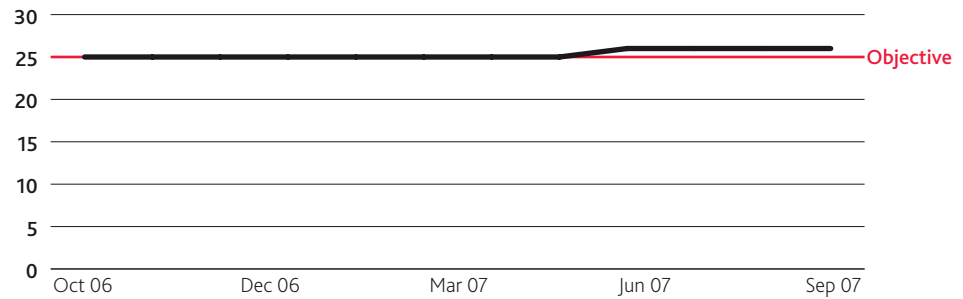


## FACTPAC

### Ask Once Commitments performance dashboard (%)

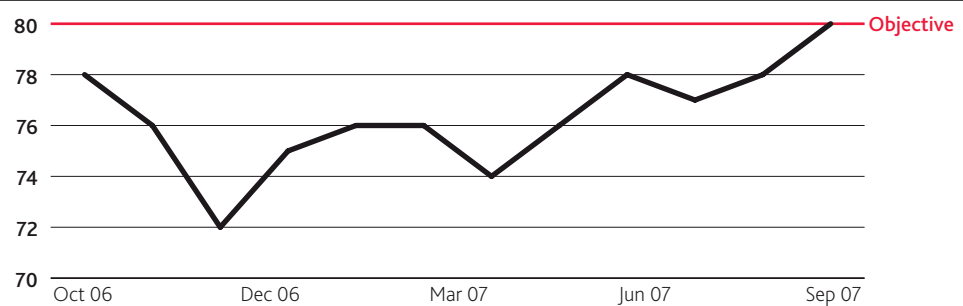
#### Be available for me

Open some of our busiest branches for extended hours and/or on Saturdays



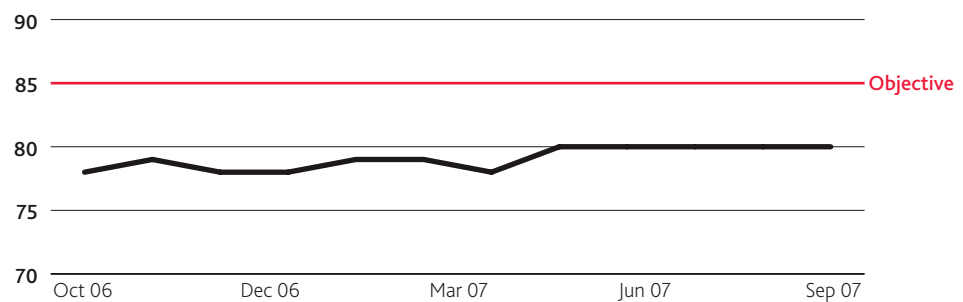
#### Don't make me wait

Actively manage queues in branches to serve you more quickly



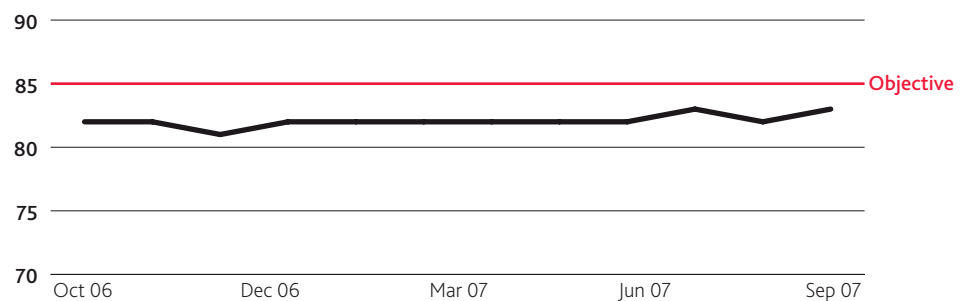
#### Value me

Treat you in a way that makes you feel we value you banking with us



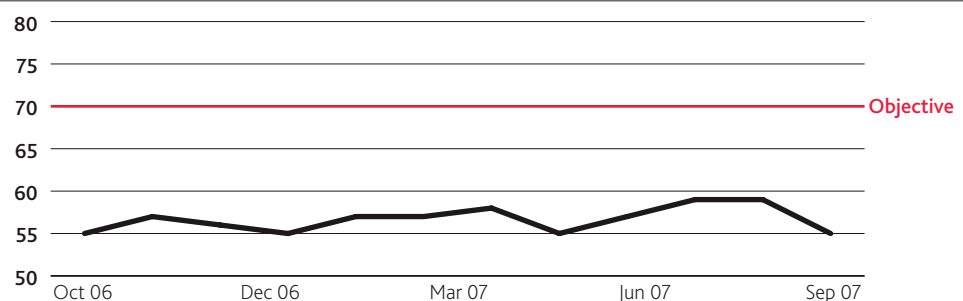
#### Don't give me the run-around

Ensure the person you first talk to takes ownership of your enquiry



#### Solve issues quickly and fairly

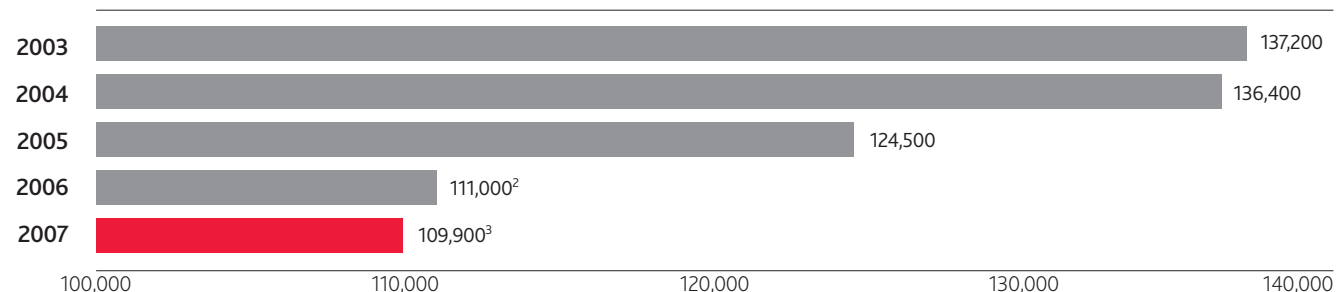
Acknowledge your issue and keep you informed of the progress of its resolution



## AUSTRALIA

# Environment

## Total greenhouse gas emissions<sup>1</sup>

Equivalent tonnes of CO<sub>2</sub>-e

1 Based on AGO Factors and Methods Workbook December 2006. From 2005 total emissions incorporates offset from the purchase of 5,000 MWh Green Power. CO<sub>2</sub> emissions from air travel are not included in our total greenhouse gas emissions

2 Figure re-stated to include 2006 fourth quarter energy data not available until 2007

3 Performance impacted by growth in property portfolio and employee headcount

## Emissions source

Emissions source	Equivalent tonnes of CO <sub>2</sub>				
	2007 <sup>3</sup>	2006 <sup>2</sup>	2005	2004	2003
Energy <sup>1</sup>	99,500	99,900	115,100	126,000	127,200
Car fleet	3,500	3,900	3,600	4,140	3,600
Paper	6,900	7,200	5,800	5,920	6,400
<b>Total</b>	<b>109,900</b>	<b>111,000</b>	<b>124,500</b>	<b>136,000</b>	<b>137,200</b>

1 From 2005 energy emissions incorporates offset from the purchase of 5,000 MWh Green Power

2 Figures re-stated to include 2006 fourth quarter energy data not available until 2007

3 2006/07 energy emissions incorporates offset of 5,775 tonnes of CO<sub>2</sub> from Green Power

## Eco performance ratios

Emissions ratios	Equivalent tonnes of CO <sub>2</sub>				
	2007	2006	2005	2004	2003
CO <sub>2</sub> /person	4.9	5.2	5.9	6.2	6.6
CO <sub>2</sub> /m <sup>2</sup>	0.2	0.2 <sup>1</sup>	0.2	0.2	0.2
CO <sub>2</sub> paper/person	0.3	0.3	0.3	0.3	0.3
CO <sub>2</sub> car fleet/vehicle	4.5	6.1	5.1	4.9	4.1

## FACTPAC

### Energy usage<sup>1</sup>

	2007	2006 <sup>2</sup>	2005	2004	2003
Energy – electricity (MWh)	113,800	101,000	111,800	117,700	117,400
Green power (MWh)	5,000	5,000	5,000	–	–
MWh/person (MWh)	5.4	4.8	5.3	5.4	5.6
Energy – gas (GJ)	14,100	19,200	25,100	22,800	31,200

1 Gas and electricity data based on some extrapolated data for the last quarter

2 Figures re-stated to include 2006 fourth quarter energy data not available until 2007

### Water usage<sup>1</sup>

	2007
Water usage (kL)	193,740
Water usage (kL/sqm)	1.0

1 Total consumption based on extrapolation of average consumption per square metre across corporate sites. Retail data will be included from 2008

### Paper usage

	2007	2006	2005	2004	2003
Paper consumption (tonnes)	5,470 <sup>1</sup>	5,500	5,200	4,700	5,230
Paper consumption (tonnes/person)	0.25	0.26	0.25	0.21	0.25
Paper recycled (tonnes)	2,800	2,600	3,000	2,570	2,900
Copying paper (sheets/person)	8,900	9,600	10,100	9,500	9,300

1 63% is FSC accredited and 10% contains recycled content

### Waste and recycling

	2007	2006	2005
Plastics recycling project (tonnes)	58	57	61
Fluorescent light tubes (kg)	234 <sup>1</sup>	1,890	530
Glass recycling (tonnes) <sup>3</sup>	25	–	–
Aluminium recycling (tonnes) <sup>3</sup>	2	–	–
Steel recycling (tonnes) <sup>3</sup>	1.5	–	–
PCs (number) <sup>2</sup>	4,456	4,000	2,500
Total waste (tonnes) <sup>3</sup>	987	–	–
Diverted (tonnes)	517	–	–
To landfill (tonnes)	470	–	–

1 Significant decrease due to closure of NSW CBD properties and change of contractors. NSW only

2 PCs are recycled through WorkVentures ([www.workventures.com.au](http://www.workventures.com.au))

3 Refers to head office buildings only, recycling data provided by waste contractors

### Business travel by car

	2007	2006	2005	2004	2003
Car fleet					
Fuel consumption-LPG (kL)	1,200	1,140	1,500	2,000	1,350
Fuel consumption (kL/vehicle)	3.0	3.0	3.0	3.2	2.4
Fuel consumption-petrol (kL)	651	670	436	356	434
Fuel consumption (kL/vehicle)	1.8	2.6	2.4	1.7	1.3
Distance travelled (m km)	14	11	12	16	13

### Business travel by air (m km)

	2007	2006	2005	2004	2003
Domestic	47	42	40	38	48
International	21	17	16	17	34
<b>Total</b>	<b>68</b>	<b>59</b>	<b>56</b>	<b>55</b>	<b>82</b>

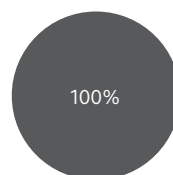
### Business lending with additional environmental screening<sup>1</sup>

	2007	2006	2005	2004	2003
Total lending (\$bn)	52	45	39	37	32
Screening (\$bn)	0.32	0.28	0.25	0.23	0.15
% of total	0.6	0.6	0.7	0.6	0.5

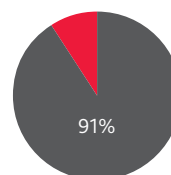
1 This was previously reported incorrectly as Lending with a High Environmental Benefit. These figures denote lending that is subject to additional Environmental Risk Assessment

### Environmental screening of institutional lending

1st level screening



2nd level screening



### Institutional lending with an Added Environmental Benefit<sup>1</sup> (AEB)

	2007	2006	2005	2004	2003
Total lending (\$bn)	31.3	22.6	18.8	16.9	15.2
AEB (\$bn)	7.6	5.2	4.0	2.3	2.2
% of total	24.0	23.0	21.5	13.6	14.6

1 Full methodology for calculating figure available at [www.westpac.com.au/corporateresponsibility](http://www.westpac.com.au/corporateresponsibility)



## AUSTRALIA

# Social

### Community contributions (% of pre-tax profits)

	2007	2006	2005	2004	2003	2002
Total excluding commercial sponsorships	1.2	1.2	1.2	1.1	1.3	1.2
Total community involvement	1.3	1.4	1.4	1.3	1.6	1.4

### Community contributions (\$m)

Area of involvement	2007	2006	2005	2004 <sup>1</sup>	2003	2002
Charitable gifts	1.4	2.6	2.1	2.1	1.2	1.6
Community investment	40.3 <sup>2</sup>	35.5	31.7	30.4	25.9	19.8
Eco projects	0.6	0.4	0.3	0.3	0.3	0.3
In-kind	2.2	0.9	1.4	1.2	1.6	1.7
Management costs	1.2	1.2	1.2	1.3	1.5	1.3
Commercial sponsorships	6.3	6.0	7.2	6.3	6.1	5.5
<b>Total</b>	<b>52</b>	<b>46.6</b>	<b>43.9</b>	<b>41.6</b>	<b>36.6</b>	<b>30.2</b>

<sup>1</sup> Figures re-stated owing to under-reporting within financial inclusion

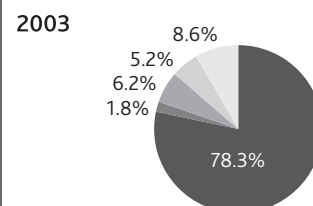
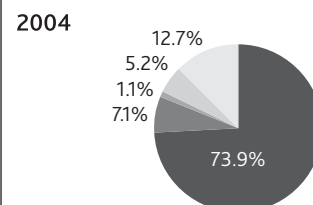
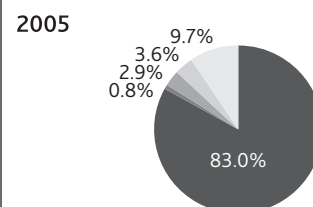
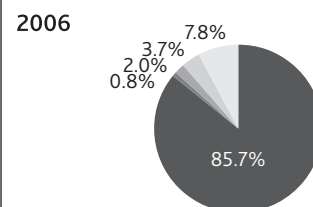
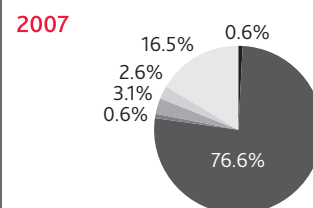
<sup>2</sup> \$31 million from foregone revenue for fee-free accounts for non-profit organisations and low income earners

### Community contributions (%)

Area of involvement	2007	2006	2005	2004	2003	2002
Charitable gifts	3	6	5	6	3	5
Community investment	78	76	72	66	71	66
Eco projects	1	1	1	1	1	1
In-kind	4	2.0	3	4	4	6
Management costs	2	3	3	4	4	4
Commercial sponsorships	12	13	16	19	17	18

### Breakdown of community investment

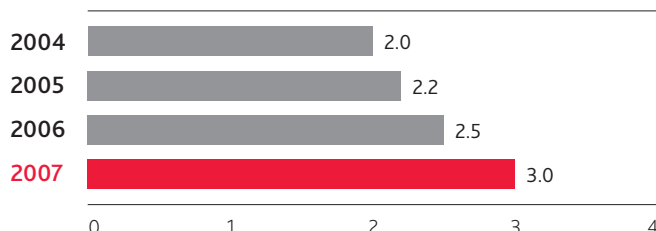
- Rescue services
- Indigenous services
- Capacity building
- Numeracy and money skills
- Financial inclusion
- Other community investment



## AUSTRALIA

# Suppliers

### Total supply chain spend (\$bn)



### Sustainability performance all assessments under SSCM (%)

Category <sup>1</sup>	2007	2006	2005
Professional services	50	49	50
Training and logistics	69	60	41
IT&T	54	52	55
Marketing, outsourcing and staff expenses	55	49	52
Property services	57	53	58
Westpac benchmark	95	95	95

<sup>1</sup> Data approximates to year end. Number of suppliers assessed in each category varies  
Mean score (relative weightings vary by category)

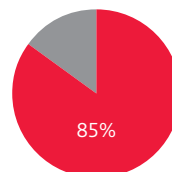
### Sustainability Action Plans (SAPs)

	2007	2006	2005
Number completed	10	10	0
Number agreed to and in progress	29 <sup>1</sup>	12	9
Number pending	4	9	25

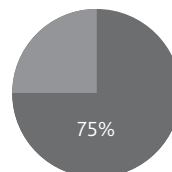
<sup>1</sup> Includes two relating to the SSCM Code of Conduct pilot

### Assessment of suppliers against SSCM % of top 100 suppliers<sup>1</sup>

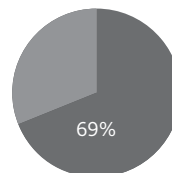
2007



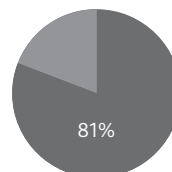
2006



2005



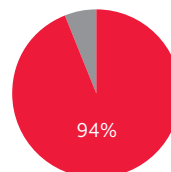
2004



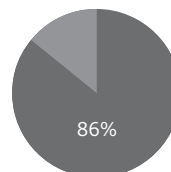
1 By number

### Assessment of suppliers against SSCM % of top 100 by spend<sup>1</sup>

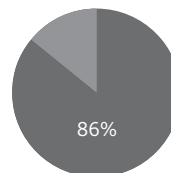
2007



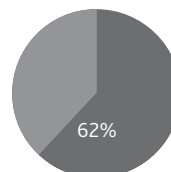
2006



2005



2004



1 By \$ invoiced

“We spend \$3 billion across approximately 10,000 suppliers.”

## NEW ZEALAND

# Snapshot

## Key financials (\$NZ)

	2007	2006 <sup>1</sup>	2005 <sup>2</sup>	2004	2003 <sup>3</sup>
Operating income (\$m)	1,447	1,363	1,367	1,335	1,260
Operating expenses (\$m)	682	658	656	653	620
Cash earnings (\$m)	465	458	463	451	409
Economic profit (\$m)	235	258	279	234	200
Total assets (\$bn) <sup>4</sup>	65	52	45	42	40

1 Re-stated in September 2007 (customer transfers to WIB)

2 Re-stated in September 2006 (IFRS)

3 Re-stated in September 2004

4 Includes WIB

Note: Data relates to NZ retail banking management accounting result

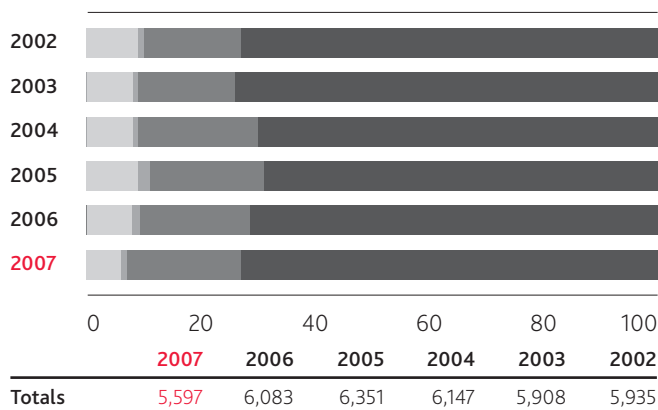
## Points of access

	Sep 07	Sep 06	Sep 05	Sep 04	Sep 03
Branches	197 <sup>2</sup>	196	195	196	200
ATMs	476	463	466	470	480
Internet customers:					
Registered	646,396	566,086	482,542	400,000	325,000
Regular users <sup>1</sup>	378,281	315,852	273,517	242,302	208,404

1 Users who logged on between July 1, 2007 and September 30, 2007

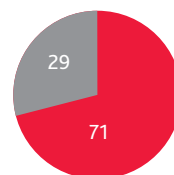
2 One new branch opened, one relocated and two refurbished since last year

## Number of employees and workforce profile (%)

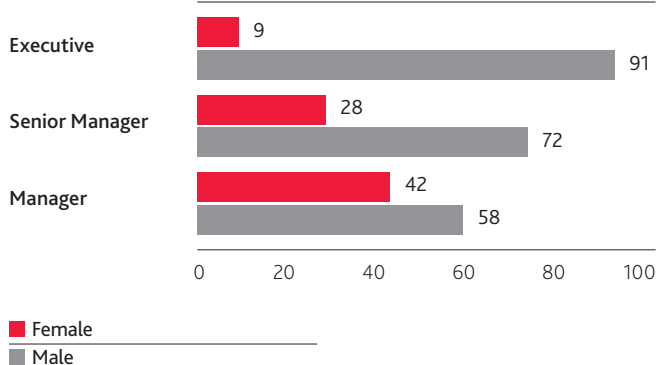


■ Casual  
 ■ Fixed term  
 ■ Permanent part time  
 ■ Permanent full time

## Gender profile (%)



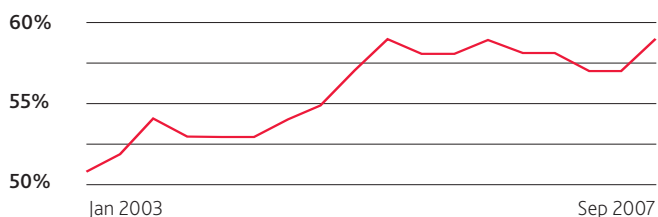
## Women in management (%)



## Employee satisfaction (% favourable)

	2007	2006	2005	2004	2003
Community/social	83	84	90	91	93
Work-life balance	72	75	71	68	70
Communication	69	73	74	73	64
Training & development	53	60	65	65	60
Job security	71	78	78	77	71
Pay	46	48	55	52	50
Employee commitment	67	72	72	68	64

## Customer satisfaction<sup>1</sup> (%)



1 Data shows New Zealand consumer satisfaction four quarter rolling average



## FACTPAC

### Community contributions (\$NZ)

Area of involvement	2007	2006	2005	2004	2003
Community investments	4,839,628	4,470,127	3,706,737	3,733,439	3,866,505
Commercial sponsorships	1,365,660	1,000,465	952,035	1,062,200	1,224,235
Matched employee contributions	60,564	81,110	53,216	–	–
Management costs	793,174	683,111	710,076	492,983	308,225
Other tax-deductible donation payments	123,656	47,895	54,144	32,786	64,547 <sup>1</sup>
Employee volunteering	110,993	84,434	88,340	–	–
<b>Total</b>	<b>7,293,675</b>	<b>6,367,142</b>	<b>5,564,548</b>	<b>5,321,408</b>	<b>5,463,512</b>

1 Re-stated from previous report to exclude political donations

### Community contributions as a percentage of pre-tax profits

	2007	2006	2005	2004	2003
Pre-tax operating profit (\$NZm)	945	962 <sup>1</sup>	917	918	667
Excluding commercial sponsorships (%)	0.63	0.56	0.50	0.46	0.64
<b>Total community contributions (%)</b>	<b>0.77</b>	<b>0.66</b>	<b>0.61</b>	<b>0.58</b>	<b>0.82</b>

1 Reporting has changed to New Zealand equivalent to International Accountancy Standards (NZIFRS). 2005 figure under NZ IFRS would have been 883

### Emissions source

Emissions source	2007		2006		2005		2004		2003	
	Quantity	CO <sub>2</sub> (t)	Quantity	CO <sub>2</sub> (t)	Quantity	CO <sub>2</sub> (t)	Quantity	CO <sub>2</sub> (t)	Quantity	CO <sub>2</sub> (t)
Electricity (kWh)	30,143,765	6,933	30,385,153	6,989	27,267,044	6,271	28,852,060	5,193	26,685,718	5,070
Natural gas <sup>2</sup> (kWh)	1,575,105	296	1,494,780	281	1,382,730	260	1,835,150	345	1,493,679	280
Petrol <sup>3</sup> (litres)	672,614	1,547	597,996	1,375	517,375	1,190	443,132	1,019	396,592	912
<b>Total (tonnes CO<sub>2</sub>)<sup>1</sup></b>		<b>8,776</b>		<b>8,645</b>		<b>7,721</b>		<b>6,557</b>		<b>6,262</b>

1 Re-stated to reflect a more accurate gas and electricity coefficient methodology (MED Energy Greenhouse Gas Emissions 1990-2006)

2 Natural gas CO<sub>2</sub> conversion factor is 0.000188 tonnes per kWh

3 Petrol consumption CO<sub>2</sub> conversion factor is 0.00230 tonnes per litre

Gas and electricity based on some extrapolated data

### Total tonnes of CO<sub>2</sub><sup>1</sup> per active customer



CO<sub>2</sub> emissions tonnes/active customer

1 Scope 1 and Scope 2

### Recycling and paper consumption

	2007	2006	2005	2004	2003
Paper usage (tonnes)	1,428 <sup>1</sup>	1,153	2,343	2,046	1,239
Copying paper (sheets/person)	9,492 <sup>2</sup>	8,915	8,610	8,755	8,886
Paper recycling (tonnes)	775	845	849	–	–
Total recycling <sup>3</sup> (tonnes)	812	877	863	–	–
Toner cartridges recycled (number)	3,985	3,526 <sup>4</sup>	–	–	–

1 Includes chequebooks (87 tonnes), recycling based on some extrapolated data

2 99.952% FSC rated

3 Excludes toner cartridges

4 Re-stated from 2006

## PACIFIC BANKING

# Snapshot

### Key financials (\$AU)

	2007	2006	2005	2004	2003
Operating income (\$m)	194	176	148	139	132
Operating expenses (\$m)	(62)	(55)	(53)	(51)	(51)
Cash earnings (\$m)	80	76	65	56	58
Economic profit (\$m)	69	62	51	45	47
Total assets (\$bn)	1.8	1.6	1.3	1.2	1.0

### Points of access

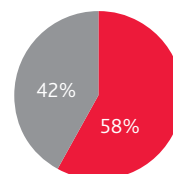
	2007	2006	2005	2004	2003
Branches and agencies	48	47	43	43	57
ATMs	65	51	41	38	38
Internet customers	12,000	9,000	5,500	2,500	93

### Workforce (%)

	2007	2006
Full time	84	84
Part time	16	16
Casual & fixed term	0	0
<b>Total</b>	<b>1,202</b>	<b>1,102</b>
Expatriate employees (number)	32	31
Expatriate employees (%)	3%	3%

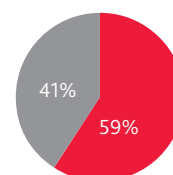
### Gender profile (%)

2007



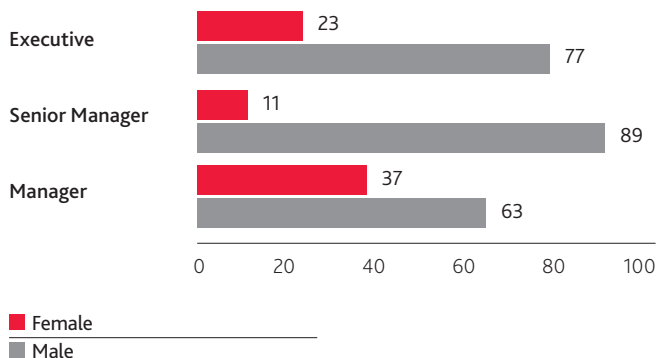
Female  
Male

2006



Female  
Male

### Women in management (%)



“97% of employees in Pacific Banking work and live in the island communities where we operate, an indication of the rich diversity of our workplace.”

## FACTPAC

### Customer satisfaction

	2007 relationship managed	2007 mass market	2006	2005	2004
Fiji	8.0	7.9	8.4	8.5	8.8
PNG	7.8	n/a	8.2	8.8	7.6
Samoa	8.2	8.2	8.1	8.5	7.7
Tonga	8.1	8.9	9.1	8.4	7.4
Vanuatu	8.2	9.1	8	8.8	7.8
Cook Islands	7.2	9.0	9.2	n/a	8.2

Customer satisfaction score of 1-10

Data for 2004-2006 Mass Market Customer Service data only

### Employee satisfaction (% favourable)

	2007	2006
Employee commitment	79	74
Community/social	92	91
Work-life balance	74	63
Communication culture	82	78
Training & development	74	71
Job security	75	70
Remuneration & benefits	49	42
Flexibility & diversity	70	65

### Environmental performance<sup>1</sup>

	2007		2006	
	Quantity	CO <sub>2</sub> (t)	Quantity	CO <sub>2</sub> (t)
Electricity (kWh)	3,484,865	3,025	4,772,960	4,143
Gas (kg)	1,898	–	–	–
Car fleet (number of cars)	83	–	81	–
Petrol (litres) <sup>2</sup>	126,756	291	125,122	307
Paper (tonnes)	47	–	91	–
<b>Total (tonnes CO<sub>2</sub>)<sup>3</sup></b>		<b>3,434</b>		<b>4,678</b>

1 CO<sub>2</sub> calculations based on WRI/WBCSD Greenhouse Gas Protocol Initiative (GHG Protocol), and AGO Factors and Methods Workbook for paper emissions

2 67% unleaded petrol, 27% diesel

3 Does not include emissions from gas consumption. Gas data incomplete and was not collected in 2006



# Assurance Statement



## Westpac Stakeholder Impact Report 2007

### To Westpac Banking Corporation's stakeholders

Banarra Sustainability Assurance and Advice (Banarra) was commissioned by Westpac Banking Corporation (Westpac) to assure its Stakeholder Impact Report 2007 (The Report) and selected management systems against the AA1000 Assurance Standard. In conformance with the Standard, our approach assures in terms of materiality, completeness and responsiveness – in other words, we assure whether The Report addresses the most important issues and that the information is reliable. In addition, Banarra undertook a validation of The Report against the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. This is Banarra's seventh reporting cycle with Westpac.

### Summary

We believe The Report provides a fair and balanced representation of Westpac's material (most important) sustainability performance areas, issues and responses for 2007 in a way that allows stakeholders to make informed decisions.

Nevertheless we have identified opportunities for improvement within this statement. These are presented in more detail in a report to Westpac management.

### Assurance scope

The scope of our assurance included all sections of The Report, with the exception of financial data. We also undertook organisational assurance to test the management of six high priority material issues. These issues were workforce diversity, responsible lending, pricing, climate change response, environmental, social & governance risk management within institutional banking and local identity for the New Zealand bank.

### Banarra Assurance Methodology

We developed a register of material issues for Westpac, identified through research based on the AccountAbility five-part materiality test. Research included interviews across

Australia, New Zealand and the Pacific, including eighteen external stakeholders, six General Managers and eight members of the Group Executive. Interviews included the New Zealand CEO, Brad Cooper, General Manager for Pacific Banking, Jane Kittel, and the CEO, Dr David Morgan. Reviews were conducted of internal documentation, including policies, surveys and Executive Board papers. We also carried out internet-based research on media releases, standards and peer reports.

Of the 150 sustainability issues identified, our criteria found 40 to be material and these focused our testing of The Report. Testing included developing audit trails, investigating claims and assumptions, reviewing data generation and conducting interviews at head offices as well as selected call centres and branches. This testing enabled us to take a view on the materiality, completeness and responsiveness of The Report, along with the level of application of the GRI Sustainability Reporting Guidelines.

### Additions since last year

This year we broadened our assurance scope to include Pacific Banking. Interviews included a non-executive Board member, Peter Wilson. We also reviewed Westpac's application of the GRI Sustainability Reporting Guidelines for the first time.

### Materiality – has Westpac identified what's important?

All of the material issues that we identified were recognised within Westpac and are acknowledged in the Report.

Westpac has a number of mechanisms for identifying its material issues, which have guided the content of The Report. The process would benefit from development of formal criteria for prioritising these material issues. This would enable the areas of greatest concern to both Westpac and its stakeholders to receive the most attention.

### Completeness – has Westpac understood these issues?

Westpac has articulated understanding of the majority of its material issues. However, we believe the Employee Section could be more balanced and include greater discussion of challenging areas, for example the lower-performing results from the Staff Perspectives Survey. In addition, the inclusion of New Zealand Banking as a separate section, rather than

provision of fully integrated Group reporting, has created a tension between space and a complete account of the material issues facing this region.

We are pleased to note inclusion of partial water consumption and waste generation data and Westpac's commitment to expand this reporting across its operations. We would like Westpac to broaden the operational boundary of its carbon reporting to include more indirect emissions, such as flights and other non-fleet business travel.

We believe the title of the indicator Institutional Lending with Added Environmental Benefit does not reflect the underlying data. As such, we recommend that readers review the web-linked methodology to understand this indicator. We are pleased that Westpac has made a commitment to review and align this indicator to the GRI Financial Services Sector Supplement in 2008.

We did identify a number of errors in the figures and claims presented. All were addressed and are corrected in The Report. However, we were unable to sight sufficient evidence to come to an opinion on the figures for energy use in the Pacific and suggest that the reporting methodologies for these indicators are reviewed in 2008.

### **Responsiveness – has Westpac responded to these issues?**

The Report contains most of Westpac's responses to material issues, however, there are several areas which are limited. They include performance of green products and feedback from New Zealand staff on the need to improve change management processes.

In addition, we note that the targets presented in the Report solely relate to the following year. We think Westpac should commit to longer term targets, which are specific and measurable and clearly link to overarching goals.

We tested selected sustainability management systems in areas including responsible lending, workplace diversity and climate change response. We found that Westpac Australia has developed processes to enable its Responsible Lending Principles to be systematically applied to unsolicited credit card increases. In New Zealand, Westpac's systems and processes support responsible lending, although we identified a need for increased training for front line staff.

Westpac demonstrated a sophisticated understanding of its diversity agenda. The Accessibility Action Plan is a key initiative and we believe Westpac's approach will be strengthened by refreshing its group-wide diversity strategy.

Within Australia, we found evidence that climate change awareness and response is embedded within corporate culture. The release of Westpac's Group Climate Change Strategy in 2008 should focus and promote greater response across the

organisation. As part of this strategy, we see an opportunity for Westpac to develop further products that help combat climate change, such as investment products within institutional banking.

Westpac has responded to the majority of the opportunities we identified in our assurance statement last year. In particular, we are pleased to note that the Pricing Committee Papers now incorporate the Pricing Principles. We also found evidence to suggest there is now greater cognisance of the Principles in pricing decisions.

We believe Westpac has adequate resources to enable implementation of the commitments articulated in The Report.

### **Global Reporting Initiative**

We concur with Westpac's own assessment that they have achieved GRI application level A+. We note that Westpac has acknowledged there are gaps in the reporting of several core indicators and that it has committed to improving this in 2008. In future, Westpac should include New Zealand and Pacific data within its GRI boundary.

### **Independence**

Banarra was paid by Westpac to conduct this assignment. We also delivered supply chain assurance assignments for Westpac within the reporting year. Other than these payments, the assurance team declares itself independent in relation to Westpac and its stakeholders. There is a detailed statement on our independence, impartiality and competencies at [www.banarra.com](http://www.banarra.com)



**Richard Boele**

Certified Lead Sustainability Assurance Practitioner IRCA No. 1188527



**Katharine Walters**

Certified Sustainability Assurance Practitioner IRCA No. 01192578



**Rebecca Edwards**

Sustainability Assurance Practitioner

Banarra Sustainability Assurance and Advice  
Sydney, Australia  
05 December 2007

# KPI Index

We apply the GRI reporting framework to an A+ level.

## Global Reporting Initiative – ‘G3’ Framework

Profile	Indicator number	Page	Status
Strategy and analysis*	1.1- 1.2	2-9	F
Organisational profile	2.1-2.10	1, 4-5	F
Report parameters	3.1-3.11	1, 7, 60-75, 78-79, 80F	
GRI Content Index	3.12	78-79	F
Assurance	3.13		F
Governance, Commitments and Engagement*	4.1-4.10	6-9	F
Commitments to external initiatives*	4.11-4.13	81	F
Stakeholder engagement*	4.14-4.17	7	F

## Performance indicators

Economic	GRI No.	Page	Status
	DMA*	6-9	F
Economic	EC1	61	F
	EC2*	26-33	F
	EC3		P
	EC4		C
Market presence	EC5*	14-15	C
	EC6	44-45, 60, 1	C
	EC7*	4, 14-15, 48-50, 58, 74	P
Indirect economic impacts	EC8	34-39, 60, 70, 73	F
	EC9	2-75	F
Environment	GRI No.	Page	Status
	DMA*	26	F
Materials	EN1 *	69	F
	EN2*	69	F
Energy	EN3*	68-69	F
	EN4*	68-69	F
	EN5*	32-33	P
	EN6*	32-33	N/A
	EN7*	32-33	F

Environment	GRI No.	Page	Status
Water	EN8*	68-69	F
	EN9*		N/A
	EN10*		N/A
Biodiversity	EN11*		N/A
	EN12*	23-24, 31-33	C
	EN13*		P
	EN14*	32	F
	EN15*		N/A
Emissions, Effluents & Waste	EN16*	32, 68-69	F
	EN17*	32, 68-69	F C
	EN18*	31-33	F
	EN19*		N/A
	EN20*		N/A
	EN21*		N/A
	EN22*	32-33, 69	F
	EN23*		N/A
	EN24*		N/A
	EN25*		N/A
Products and services	EN26*	26-33	F
	EN27*		N/A
Compliance	EN28*		F
Transport	EN29*	32, 68-69	F
Overall	EN30*		N/A

Social	GRI No.	Page	Status
Labour and Decent Work	DMA*	10-11	F
Employment	LA1	4-5, 14, 50, 58, 62, F 72, 74	
	LA2*	62, 72	P
	LA3	14-15	P
Labor/Management relations	LA4*	15	P
	LA5*		F
Occupational health and safety	LA6*		P
	LA7*	15, 51, 63	P .
	LA8*	15	F
	LA9*		C
Training and education	LA10	14-15, 63	P
	LA11	14-15, 63	F
	LA12	14-15	P
Diversity and Opportunity	LA13*		F
	LA14*	62	F
Human Rights			
	DMA*	39	F

Social	GRI No.	Page	Status
Investment and procurement	HR1*	22-23	F
	HR2*		F
	HR3*	14, 23	P
Non-discrimination	HR4*		P
Freedom of association and collective bargaining	HR5*	39	F
Child Labor	HR6*		N/A
Forced and compulsory labour.	HR7*		N/A
Security practices	HR8*		N/A
Indigenous Rights	HR9*	39	C
<b>Society</b>			
	DMA*	34, 38	F
Community	SO1	34, 38, 52, 59, 70, 73	F
Corruption	SO2*	8	P
	SO3*	8	P
Public Policy	SO4*	8	F
	SO5*	8	F
	SO6*	8	F
Anti-competitive behaviour	SO7	8	F
Compliance	SO8	8	F
Product Responsibility			
	DMA*	16-17, 20-21	F
Customer health and safety	PR1*		N/A
	PR2*		N/A
Product and service labelling	PR3*		F
	PR4*		P
	PR5	20-21, 51, 58, 64, 72, 75	F
Marketing communications	PR6		F
	PR7	8	F
Customer Privacy	PR8*		P
Compliance	PR9		F

## Financial Services Sector Supplement, 2007 Pilot Version 1.0

	Indicator	Page	Status
DMA	D1		F
	D2	23-24	F
	D3	23-24	C
	D4	14-15, 23-24	F
	D5	22-25	C
Performance indicators	1	23-24	F
	2	24-25	C
	3	24-25, 66	F
	4	24-25	F
	5	24-25	F
	6	22-25, 33, 38-39, 64-70	C
	7	22-25, 33, 38-39, 64-70	C
	8	4-5, 66	F
	9	16-23, 65	P
	10	13-14, 22, 25	F
	11	16-23	F
	12	22, 38-39	F

## Australian-Specific Indicators<sup>1</sup>

	No.	Description	Page
Employees	AUS 1	Performance and evaluation	14-15
	AUS 2	Non-work aspects career enhancement	14-15
	AUS 3	Workloads and staffing levels	14, 62-63
	AUS 4	Staff selection & contract	14-15
Customers	AUS 5	Low income and vulnerable customers	19, 22-23, 65
	AUS 6	Overprovision of credit.	19, 22-23, 65
	AUS 7	Accessibility	20-23, 65
	AUS 8	Customer complaints.	20-21, 64
	AUS 9	Third world debt.	
Social	AUS 10	Charitable contributions	70

<sup>1</sup> Developed in conjunction with Australian stakeholders.

### Key:

\* Reports against Global Compact Principles  
 DMA Disclosure on Management Approach  
 www www.westpac.com.au  
 N/A Either not applicable or no material  
 Status F – Full, P – Partial, C – Comment provided online

Please refer to the online KPI Index for a full breakdown of our performance against the GRI framework.



# How to contact us

For further information please phone +61 2 8253 0769, visit [www.westpac.com.au](http://www.westpac.com.au) or contact:

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Customer Advocacy	<b>Anita Wynne</b> Customer Advocate Email: <a href="mailto:awynne@westpac.com.au">awynne@westpac.com.au</a>		
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Investor Relations	<b>Andrew Bowden</b> Head of Investor Relations Email: <a href="mailto:andrewbowden@westpac.com.au">andrewbowden@westpac.com.au</a>		
Socially Responsible Investment	<b>Rajinder Singh</b> BT Investment Management Email: <a href="mailto:Rajinder.Singh@BTFinancialgroup.com">Rajinder.Singh@BTFinancialgroup.com</a>		
European Representation	<b>Martin Hancock</b> Chief Operating Officer – Europe Email: <a href="mailto:mhancock@westpac.com.au">mhancock@westpac.com.au</a>		

For further information on our compliance with International Agreements including the United Nations Global Compact and Declaration on Human Rights contact **Dr Noel Purcell**, [npurcell@westpac.com.au](mailto:npurcell@westpac.com.au)

Note: Calls prefixed 1800 in Australia and 0800 in New Zealand are Freecall; 13 or 1300 numbers in Australia are the cost of a local call.

# Sustainability ratings and benchmarks



Topped the global banking sector from 2002-2006 inclusive, and achieved the equal highest overall sector rating of 86% in the 2007-08 assessment.

## CARBON DISCLOSURE PROJECT

One of four companies and the only bank globally to achieve a Climate Disclosure Leadership Index score of 100 and an Innovest Carbon Beta Rating of AAA.



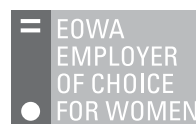
Included in the international ethical index FTSE4Good.



Top-rated and in the top one per cent of approximately 4,000 companies in eleven consecutive ratings from 2004 to 2007.



Awarded the 2007 Gold Banksia Award for sustained and significant efforts to reduce environmental impacts.



We received a 2007 EOWA citation for the 11th consecutive year.

## We support



UNEP **Finance Initiative**  
Innovative financing for sustainability



**The Equator Principles**

A framework for financial institutions to manage environmental and social issues in project financing



# A shared concern

The future of our planet is a shared responsibility. Westpac has partnered with Landcare Australia on innovative environmental programs for over a decade.

[www.westpac.com.au](http://www.westpac.com.au)

