

Forward

05 Sustainability strategy

Embedding sustainability across the business and making it real for our customers

15 Engaging employees

Understanding the current and future work environment to engage our people for high performance

11 Responsible lending

Supporting customers in times of financial distress and improving financial capability

19 Tackling climate change

Understanding the risks and opportunities in preparing for a carbon constrained future

02 Sustainable prosperity

Through responding to change

Contents

01 Who we are

A snapshot of our operations and an overview of changes to our business

02 From the Chairman and CEO

Our Chairman and CEO discuss the sustainability challenges presented by today's environment and how Westpac is responding

04 The issues that matter

The key sustainability issues identified by our stakeholders and where to find details of our approach

05 Strategy & performance management

How sustainability supports our business agenda, our strategic focus areas and 2009 objectives

08 Performance scorecard 2008

10 Customers

15 Employees

19 Environment

23 Social

26 Suppliers

29 How to contact us

Back Cover Sustainability ratings and benchmarks

What's different about this report?

Its size for one. This year we have reduced the size of our printed report in favour of having more information online. For full details of our performance, including performance metrics, see our online report at www.westpac.com.au/corporateresponsibility

We have also taken more of a Group-wide approach to better reflect the roles of our New Zealand and Pacific Banking businesses in our sustainability strategy.

However, some things have stayed the same. We continue to use the Global Reporting Initiative's G3 framework and Financial Services Sector Supplement as our guiding framework, together with additional indicators developed with local stakeholders. Our reporting

and approach is independently assured using the AA1000 Assurance Standard. The report from our assurance provider can be found online.

Full details of our financial performance are set out in the 2008 Annual Report, with summary information in the 2008 Annual Review. Together with this Stakeholder Impact Report, these provide a detailed picture of our total performance on an annual basis. Unless otherwise stated the information refers to the period 1 October 2007 to 30 September 2008 and updates our 2007 report over the equivalent period.

Our report is printed on FSC accredited paper using vegetable based inks. We have also offset the carbon emissions associated with our annual reporting.

Who we are

Westpac was founded in 1817 and was the first company and the first bank established in Australia. We have been part of the community in New Zealand since 1861 and in the Pacific since 1901.



We are one of the major banking organisations in these regions and also have offices in the key financial centres of New York, London and throughout Asia, including Beijing, Hong Kong, Singapore, Jakarta, Mumbai and most recently in Shanghai.

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

This year we acquired the remaining 40% stake in the Bank of Tonga from the Government of Tonga in line with our growth strategy in the Pacific and our commitment to the region. We also acquired the RAMS brand and distribution franchise in support of our multi-brand domestic growth strategy.

We also completed the partial IPO and ASX listing of BT Investment Management discussed in last year's report.

Aligned to our ambition to significantly improve our service delivery our Australian business has been restructured to put customers at the centre. This sees the separation of product and operations from distribution and service and the amalgamation of our business and consumer banking divisions.

The key focus of this change is to make it easier for our customers do business with us.

Key financial features

In what has been a difficult financial climate we have continued to deliver consistent year-on-year performance. Key features of our 2008 financial results were:

- Net profit attributable to equity holders of \$3,859 billion
- Earnings per share of 206 cents
- Return on equity of 23.1%
- Total assets of \$440 billion
- Group Tier 1 capital ratio at 7.8%

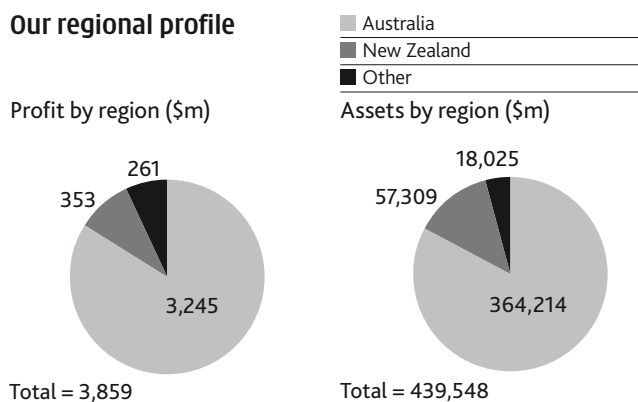
Recently approved merger with St.George Bank

At the time of printing we have received approval for a merger with St.George Bank. The combined organisation will become the largest bank in Australia with approximately 10 million customers, more than 2,700 ATMs and almost 1,200 branches. The St.George brand and branch network will be maintained as part of a multi-brand strategy and there will be no branch closures as a result of the merger.

The majority of roles will not significantly change. For those people in support, back office and corporate head office roles where duplication occurs we will have a fair and transparent process to ensure that the best person is appointed to each position. Affected employees will hear details from their manager and our first focus will be on redeployment.

More detailed information on the merger is available in the 2008 Annual Report and on our website at www.westpac.com.au which will be updated throughout the year. All numbers in this report are pre-merger.

Our regional profile



Snapshot of our operations¹

	2008	2007	2006
Customers (million)	6.9	6.7	6.7
Branch representation	1,081	1,066	1,063
Employees (FTE)	28,302	28,018	27,224
ATMs	2,285	2,207	2,151

¹ Definitions are available in our online factpac.

“Just as sustainability has moved to the centre of the business agenda, we have placed customers at the heart of our sustainability priorities.”

Gail Kelly



From the Chairman and the CEO

Change is a given for any business, but it's fair to say that this year has been an extraordinary one – and transformational for our sector. This was reinforced recently by our peak external stakeholder body, the Community Consultative Council, in its message that business sustainability has to be based, at least in part, on resilience. This certainly resonates with us.

In 2008 we demonstrated our own resilience in the face of the unprecedented dislocation in global capital markets. Our robust financial results compare favourably with the write-offs and losses experienced by some banks locally and many globally. It is our strength and disciplined approach which mean we can support customers and the broader community in these challenging times.

Our strong position also means that we are well placed to pursue change on our own terms – a step change in our scale and ambition, both in building the foundations for future growth and in the way we tackle the sustainability challenges facing us all.

The Council's second message was that sustainability is not only about driving financial value and we were encouraged to keep values centre-stage.

Sustainability for us encompasses all the risks and opportunities impacting our financial outcomes. Not thinking this way – as shown this year around the world – puts value at risk.

At the same time, it's an uncomfortable reality for some in our sector that values are indeed part of this current crisis, through unethical decision-making, misaligned incentives and poor corporate disclosure.

Finally the Council called for leadership and boldness in our response to sustainability challenges. We agree that resilience – bouncing back – cannot be the end game. We need to go beyond this to future-proof our business in terms both of the challenges and opportunities.

This point was strongly recognised in the review of our sustainability strategy this year. This highlighted how issues previously consigned to the future – concerns over the economy, energy and water security, and all the rest – are very much part of the here and now. Also, more than ever before, the interdependencies and linkages between environmental, social and commercial outcomes are clear to see.

Our response is to take an integrated approach in transforming ourselves around our customers. Just as sustainability has moved to the centre of the business agenda, we have placed customers at the heart of our sustainability priorities. From advising corporate clients on structuring new green asset classes, to helping ageing boomers achieve their financial expectations, we want to help customers better manage their risk – and also grasp the opportunities.

Central to this future-proofing is excellence in our internal capabilities. This includes encouraging intuitive leadership and a culture of embracing change, as well as measurement, management and reporting systems designed for a knowledge-based and carbon and water-constrained economy.

This year we have built on the foundations of the last decade, rethinking our strategic sustainability priorities from the ground up, setting more ambitious targets, and refining the accountability for this performance at Board, Executive and business unit level. Sustainability is integral to our core business model and approach and we took time to embed further expertise right through the business.

Leadership also means being more vocal on our values-based approach and actively contributing to public debate. The capital markets dislocation is focusing attention, as it should, on the standards of business behaviour just as policy development around climate change enters a critical phase locally and globally. As an example of what we can do, our revised climate change strategy and ambitious targets set out what we stand for and how we plan to transition to the low carbon economy, bringing our employees, customers and the broader community along with us.

All in all we are strongly positioned and well-placed, having learned over many years that value and values are intertwined. We have also learned that to manage through the full economic cycle we need to expect the unexpected. This gives us confidence in the way we are positioning ourselves for the long term. We have a clear growth and transformation agenda to ensure our ongoing success – and a more sustainable future for our stakeholders.



Gail Kelly
Chief Executive Officer



Ted Evans AC
Chairman

The issues that matter

Stakeholder issues were identified through various methods including a formalised stakeholder engagement and extensive strategy review process, both set out later, and confirmed through our AA1000 assurance process.

The global capital markets crisis

By any assessment, the dislocation in global capital markets has been the most material sustainability issue this year. With operations predominately in Australia and New Zealand we have no direct exposure to the US sub-prime market or related assets. Significantly, when other financial institutions were buying and selling sub-prime mortgages, Westpac chose not to. This means that the 2008 financial results are strong compared with the write-offs and losses experienced by some banks locally and many globally. Westpac is one of only 17 banks globally with at least an AA global credit rating and the share price has performed strongly compared with major Australian bank peers over one, three and five-year periods.

See: The 2008 Annual Report and in summary, the 2008 Annual Review

Business strategy - growth and acquisition

What is our business strategy and the implications of the year's acquisitions?

See: Strategy & performance management, Who we are, 2008 Annual Review and www.westpac.com.au

Leadership change and sustainability performance

Westpac has shown leadership in sustainable business practices to date, but can this be maintained across a very broad agenda, and what are the capabilities and investment required to do so? Our Community Consultative Council (CCC) called for boldness in our response to sustainability challenges and also a step change in our public advocacy. What are the impacts of a new CEO, Board members and executives and the proposed St. George merger?

See: From the Chairman & CEO, Strategy & performance management, 2009 Objectives, Environment section and 2008 Annual Review and Annual Report CEO report

Customer service and satisfaction

As well as an overarching concern, how is Westpac responding to systems problems; and what are the implications of the St. George merger?

See: Customer section and www.westpac.com.au

Responsible banking and lending

Including our approach on interest rates, fees and fair pricing, this is a fundamental issue for any financial institution. The CCC emphasised the affordability impacts of climate change and how we might rethink existing financial literacy activities with employees and customers to help counter this and other affordability challenges.

See: Customer section

ESG risk management

How is Westpac managing current or emerging environment, social and governance risks (ESG), for example related to human capital management, climate change governance and supply chain management?

See: Customer and Environment sections

Product development and innovation

Can banking and investment products be sustainable – and if so, what frameworks and principles apply and what matters to customers? What are we doing to innovate with new products and services that connect customers to sustainability issues?

See: Strategy & performance management, Climate change strategy, 2009 Objectives and the Customer section

Strategy development and implementation

What does sustainability mean at Westpac; what are our priorities and objectives and how does this link to the business strategy?

See: Strategy & performance management and 2009 Objectives

Climate change

Climate change has whole of business impacts, including risks and opportunities for our customers. The CCC emphasised the social implications including affordability impacts, vulnerable communities, and broader human rights and security issues. Water scarcity and reform is an increasingly critical issue. How is Westpac managing all of this – and what is the approach moving forward?

See: Environment section and our Climate change strategy available on our website

Diversity and workforce composition

How is Westpac delivering against its promises in this important area? And from the CCC's perspective – what is Westpac doing on disability and meeting the needs of an ageing workforce?

See: Employee section

Training, learning and development

From the CCC's perspective, what is Westpac doing to develop the internal capabilities required to meet sustainability challenges – adaptability, culture and leadership?

See: Employee, Environment and Strategy & performance management sections

Sustainable supply chain management

Westpac's sustainable supply chain management system is well regarded – but what are the plans to develop this further?

See: Supplier section

Community partnerships and investment

Westpac has a successful track record of community partnerships and investment, but what is our specific focus, and what are we doing to assess the long term impacts of this activity? Also, with most of our activity focused through long-term partnerships, the CCC emphasised the role that social entrepreneurs can play.

See: Community section and 2009 Objectives

Strategy & performance management



“Sustainability performance and issues are at the heart of value generation at Westpac. So it’s not surprising that we want Westpac to be clearly recognised by our customers, communities, employees and investors as a global leader in managing this agenda.”



Andrew Carriline
 Managing Director
 Risk Management
 Responsible Executive,
 Sustainability strategy

At Westpac sustainability means thinking broadly about risk and opportunity and fully measuring, managing and reporting across the sustainability agenda.

Sustainability is as much about business performance and risk management as ‘doing the right thing’.

The key risks and opportunities include:

- Customer relationship management and brand management.
- Corporate governance and risk management as the backbone of any financial institution, including current and emerging Environmental, Social and Governance (ESG) risk.
- Human capital management including a values-based leadership and culture which underpins our authenticity, and a motivated, highly educated and experienced workforce.
- Strategic stakeholder engagement both to foster innovation and keep us ahead of trends and issues.
- The necessary product and service innovation including from climate change and other sustainability challenges.
- The risks and impacts resident in a large and complex supply chain.

As before, our approach is to optimally manage the broad sustainability agenda. However, a strategy review during the year identified priority areas and set more ambitious targets for the 2008/09 year onwards.

Our Business Strategy

Many aspects of sustainability performance – specifically meeting customer needs and a skilled engaged workforce – are part of the business strategy. In addition, sustainability as an overarching proposition was confirmed as fundamental to Westpac’s vision and a continuing strategic objective.

Vision	To be the leading financial services company in Australia and New Zealand				
Assessed by	Most recommended financial services company	Meet most customers needs	Most skilled and engaged people	Global leader in sustainability	Highest returns in sector
Driving principles	Operating as One Team				
	Focus on core markets	Strong local business	Easy to do business with	Common values	

Refining our sustainability strategy

In late 2007 a special Executive Team strategy conference debated sustainability in depth, focusing on how to better embed sustainability into Westpac’s core strategy process, the Business Strategy Review (BSR). Work underway was accelerated with the arrival of our new CEO to establish a revised five year Group vision and strategic objectives.

A working group drawn from across the business set about establishing a picture of stand-out future leadership in sustainability for each of the environment, social and governance dimensions. This year there were more people thinking, talking and doing sustainability than ever before.

We looked at trends and emerging issues and linkages and interdependencies, as well as emerging intermediaries and ways of working. Finally, we wanted ambitious but achievable targets which involved further benchmarking and analysis.

The resulting six focus areas and signature initiatives, together with one, three and five year targets were discussed and approved at both Executive Team and Board level.

Strategy & performance management

2009 Objectives

Our strategic focus areas for 2009-2013 & 2009 objectives

Our clear objective is that Westpac is recognised by customers, employees, investors and the community as a global leader in

sustainability. Our overarching aim is to take our experience in managing sustainability performance and issues and translate this into value for our customers.

Solid foundations - governance and risk

Nothing less than global best practice in the sustainability fundamentals of corporate governance and risk management.

- Develop key sensitive sector and issue specific lending and investment policies
- Further integrate financial and non-financial reporting
- Establish a governance process to ensure the implementation of UN Principles for Responsible Investment (PRI)
- Align sustainable supply chain policies across the Group

Treading lightly - environmental footprint

Lead the sector with our direct and indirect environmental footprint targets.

- Reduce Scope 1 and 2 emissions by 5%
- Complete site by site energy management plans for corporate sites
- Reduce paper consumption by 5% and water consumption in corporate and contact centres by 5%
- Take increased accountability for indirect emissions

Going mainstream - sustainable products

Incorporate sustainability principles into our products and services to connect all our customers to these issues in a new way.

- Achieve at least second highest Net Promoter Score (NPS) in the sector in Australia and at least third highest in New Zealand
- Develop additional wealth offerings based on sustainability principles
- Conduct roundtables on the major issues contributing to financial difficulty
- Expand Westpac Assist to SME customers and expand proactive approaches to other consumer lending products

Revised climate change strategy

Climate change has business-wide impacts. A dedicated strategy was developed in parallel to our sustainability strategy process during the year and is detailed in the Environment section of this report.

Review of Our Principles for Doing Business

A review of 'Our Principles for Doing Business' was conducted during the year. This included a survey of all senior leaders in the organisation confirming their commitment to the Principles and identifying any areas of systematic concern. An updated version will be published during the year. We will also be looking at improved tracking and reporting of performance against the Principles.

Climate change - carbon and water

Play our part in Australia's transition to a carbon and water-constrained economy through products, services and partnerships, supporting carbon and water markets, and funding renewable energy, clean technology, and energy efficiency.

- Complete institutional and business banking carbon risk training
- Launch Commodities, Carbon and Energy products and services to customers
- Continue customer engagement on carbon risk

People and places - social sustainability

Raise the bar on social sustainability, including responsible banking and investment and bringing our experience and investment to bear on what matters to local communities.

- Maintain a Group-wide employee engagement score of 78%
- Reduce Lost Time Injury Frequency Rate by 5% to 3.23 in Australia and to 8 days per million worked in New Zealand
- Launch employee product offering to increase product take up and experience
- Roll out of local social engagement and investment model

Speaking out - in support of sustainable business practice

Stepping up our efforts to encourage the uptake of sustainable business practices.

- Continue to advocate for robust emissions trading schemes in Australia and New Zealand
- Encourage the further adoption of sustainable business practices within the SME sector
- Contribute to continued debate on the measures of sustainability performance

Sustainability governance

During the year significant enhancements were made to the way we manage this complex agenda.

The Board focuses on governance, including the oversight and review of policy frameworks and commitments, strategy, and performance outcomes. The Executive Team (ET) has explicit accountability for sustainability performance. All ET members are expected to take clear personal leadership for the sustainability agenda within their businesses.

Each business unit is accountable to the extent that the performance, issue, risk and opportunity resides within it. As part of a revised BSR, business units now set out current and planned activities which support the agreed sustainability objectives.

Strategy & performance management

To support all this our network of sustainability champions was further extended during the year with additional appointments made within BT Financial Group, Westpac Institutional Bank, Pacific Banking, Westpac New Zealand, and the newly formed business units, Product & Operations and Retail & Business Banking, on top of the existing specialists in Property, Strategic Sourcing & Offshoring and elsewhere. As before, we also have many informal champions right across the Group.

The renamed Group Sustainability function remains as a centre of excellence and a coordinating, advocacy and consulting resource for the Group.

Westpac Sustainability Council

We have recently formed a Sustainability Council which brings together everyone across the Group explicitly responsible for managing our sustainability agenda and performance. The group reviews and reports progress against our sustainability objectives, shares best practice and discusses and pursues initiatives, issues and dilemmas on a collective basis.

Performance reporting and scorecards

Our performance management and internal reporting has been aligned with the revised objectives. A revised balanced scorecard operates throughout the business from the CEO down, incorporating personal objectives aligned to the Group's revised strategic objectives. The Executive Team has shared personal sustainability objectives, recognising the need to work collaboratively. Quarterly internal performance reporting to the ET and Board has been rationalised and revised with detailed new metrics.

Communicating our performance to mainstream investors

We believe that our capacity to deal with the complex and diverse sustainability agenda is a strategic competence and that superior performance drives value, whether through a direct link to risk or economic profit or as a proxy for overall quality of management.

Our revised sustainability strategy is designed to deliver shareholder value through brand positioning and customer acquisition, employee engagement and attraction, operational efficiencies and reduced customer delinquencies.

We aim to be more explicit about how these value drivers link to the P&L and to better communicate this to mainstream analysts and investors in terms they can understand and can build into valuation models and investment decision-making. Investor Relations, Group Finance and Group Sustainability are scoping a project for a step change in our ESG/sustainability reporting.

Performance outcomes

Profitability is the foundation of any business, and our long-term responsible business strategy has allowed Westpac to continue to record strong growth over the past 12 months despite economic uncertainty. As part of this we are committed to pursuing global best practice on the sustainability performance and issues which are most material to our business and stakeholders. We are also committed to be a more vocal advocate for sustainable business practice.

We continue to use available external assessments and also benchmark with our peers. Parts of this agenda (e.g. customer experience and OHS or environmental performance) are subject to specific benchmarking and/or specialised assessment.

The Dow Jones Sustainability Index (DJSI) aims to assess the sustainability dimensions which are most material in terms of financial outcomes and investment returns. We continue to use this sophisticated model to benchmark and drive performance improvements. Although we were not named sector leader in the 2008/09 assessment we achieved our highest ever score and our performance has been assessed as leading on a global basis.

We believe there are practical difficulties in assessing material sustainability performance and continue to engage with the analysts who assemble the DJSI to examine how the model might be improved.

We are an active member of the St James Ethics Centre Corporate Responsibility Index (CRI) Leaders Network and will be contributing to the Centre's project to encourage the uptake of responsible business practice amongst SMEs, and their work to compare and contrast the CRI and the Global Reporting Initiative (GRI) reporting frameworks.

Stakeholder engagement

We stay on top of emerging trends and sensitive issues through regular dialogue with stakeholders. Our flagship mechanism remains the Community Consultative Council, which is pivotal in determining material issues and priorities. The Council is chaired by Westpac's CEO and comprises the CEO or similar executives from key stakeholder organisations. The Council meets annually and most of the meeting is used to solicit Council input on issues and priorities – and on how Westpac should respond.

This year we took the opportunity to invite new members to more fully represent our stakeholders and their issues and interests. These included experts on a number of emerging issues, including water.

We also have internal working groups for customers, graduates, environmental performance; indigenous development; disability and accessibility and suppliers.

This year we actively participated in the UNEP Finance Initiative and in the Equator Principles Review Process, the GRI, the Society for Knowledge Economics, the Global Compact and the Caux Round Table.

Other specific engagement activities are listed throughout this report.

Corporate Governance

The main framework we report against is the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. Full details of our approach to risk management and our corporate governance practices and highlights are fully set out within the Corporate Governance and Remuneration Report sections of the Annual Report.

Our corporate governance performance was again top-rated (10.0) in the fifteenth consecutive assessment by GovernanceMetricsInternational, a rating achieved by only 1% of banks assessed.

Performance scorecard 2008

Customers




-  **Review our customer performance metrics to incorporate loyalty and advocacy measures.**
A consistent advocacy score, the Net Promoter Score, has been incorporated into the existing performance metrics for all Westpac divisions
-  **Implement 500 talking ATMs by December 2008.**
722 Talking ATMs delivered as at 30 September 2008
-  **Open 15 more branches and 11 new Business Banking Centres.**
Despite opening 32 new sites against a target of 26, only 13 branches were opened in addition to five advisory centres and 14 Business Banking Centres due to changed business requirements
-  **Implement the Westpac Assist program.**
Launched late November 2007. Received over 11,000 calls as at August 2008, directly supporting approximately 5,000 customers with total loan facilities estimated at \$1.2 billion
- In Progress **Report on progress against the United Nations Principles for Responsible Investment (PRI).**
Work is underway to systematically respond to each of the Principles, details of which can be found in the Customer section of this report


Employees

-  **Achieve employee commitment of 72%.**
Employee commitment score was 74% in the 2008 Staff Perspectives Survey
-  **Reduce the Lost Time Injury Frequency Rate by 10% to 3.40.**
Lost Time Injury Frequency Ratio is 3.40 as at 30 September 2008
-  **Focus on attraction and retention of women at all levels of the organisation.**
Piloted a Corporate Mothers' Forum and appointed an Executive Sponsor for Women
-  **Implement Pay for Performance reward strategy.**
Strategy in place based on three principles:

 - We pay for performance
 - We pay competitively
 - We pay fairly
-  **Respond to three key areas of focus identified in the 2007 Staff Perspectives Survey – improving IT systems, pay for performance and building frontline leadership.**
Action plans are in place and being rolled out. Scores for each of the three areas improved in the 2008 Staff Perspectives Survey

Environment






-  **Finalise Westpac Climate Change Strategy, including targets for energy and greenhouse gas emission reductions.**
Although delivered later than planned full details of the five year strategy are available at www.westpac.com.au/corporateresponsibility and in the Environment section of this report
-  **Develop a site by site map of our energy consumption.**
Site specific information now available monthly for all sites where a bill is received (approximately 94% of our energy consumption)
-  **Engage in development of emerging frameworks for greenhouse gas reporting, energy efficiency and emissions trading.**
Instigated inaugural meeting of the Climate Change – Banking and Financial Markets Working Group in conjunction with the Department of Climate Change and made submissions to the Garnaut Climate Change review and Government Green Paper
Engaged through the Australian Financial Markets Association (AFMA) in designing market architecture of the Carbon Pollution Reduction Scheme
-  **Develop procurement guidelines for car fleet.**
Guidelines developed:

 - Lease periods extended from three years to four
 - Vehicles will be progressively converted from six to four cylinder
 - Branded fleet will be upgraded to hybrid vehicles from February 2009
-  **Re-invigorate the Great Paper Challenge.**
Despite a number of actions our paper consumption increased from 5,114 to 5,341 tonnes. These actions included:

 - Development of a paper purchasing policy
 - Reduced paper associated with specific products including reduced size of Product Disclosure Statements, paperless BT Super for Life product, increased online forms, on screen balances on ATMs and increased paperless processing

Performance scorecard 2008

Social

-  **Maintain total community contributions above 1% of pre-tax profits.**
Community contributions for 2008 were at 1.3% of pre-tax profit in Australia
-  **Provide support to employees for skill-based volunteering.**
Frameworks developed to ensure optimal mapping of employee skills and organisation support needs
-  **Continue to provide value to our community partners utilising our networks, resources and expertise.**
Organisational mentoring program undertaken with the Juvenile Diabetes Research Foundation
-  **Launch Financial Next steps.**
Development is complete. Launched to Westpac Assist Customers, with booklet and internet format to follow
-  **Launch three-year Indigenous Action Plan.**
Available at www.westpac.com.au/corporateresponsibility

Supply Chain

-  **Roll out the SSCM Code of Conduct to all business units.**
Implemented including policy and tools. Communications strategy developed and executed. Business as usual communications plan now in place
-  **Continue to ensure high-spend and higher-risk suppliers are subject to detailed screening of social, ethical and environmental practices.**
97% of high-spend and higher-risk suppliers screened which is 99% of top 100 spend
-  **Roll out standardised validation of suppliers' SSCM assessment.**
Westpac internal validation process defined and now business as usual. Built into contract clauses and SSCM management procedures, supported by core obligation reporting and commercial management of major supplier contracts
- In Progress  **Establish a 'standing forum' for Suppliers and Non-government Organisations (NGOs) to provide input to our SSCM processes.**
Framework and composition of forum complete. Work underway to develop engagement program
- In Progress  **Engage our suppliers in discussions on Greenhouse Gas Emissions (GHGs) embedded in our supply chain.**
Engagement of key suppliers commenced. Supply chain-wide process in planning

New Zealand

-  **Employees – Maintain employee engagement of 73%.**
Employee engagement was 76% in the 2008 Staff Perspectives Survey
-  **Employees – Number of work days lost per 1 million hours worked is 7 days.**
Number of days lost per 1 million hours worked was 16
- In Progress  **Employees – Implement diversity strategy.**
Work has begun on an Employer of Choice Strategy which includes a diversity component
-  **Customers – Increase brand consideration.**
Remains steady in 4th place at 31%
-  **Customers – Review customer performance metrics to incorporate loyalty and advocacy measures.**
Review of Net Promoter Score undertaken to include additional business units
- In Progress  **Customers – Develop New Zealand Responsible Lending Principles.**
Principles have been drafted and further internal and external Stakeholder engagement is required
-  **Social – National roll out Managing your Money workshops.**
Rolled out a national calendar of workshops supported by a television advertising campaign. Launched an online tutorial in March 2008, since visited by over 2,250 people
-  **Social – 10% increase in volunteer days taken.**
808 volunteer days were recorded, a 57% increase on the previous year
-  **Social – Adapt Group Statement of Indigenous and Pacific Island Community Commitment.**
Provided feedback on the Group Statement. We aim to publish the statement on our website next year
- In Progress  **Environment – Reduce emissions of CO₂ per active customer.**
CO₂ per active customer measure was rebased in 2008 and will be used as the basis for future targets

Pacific Banking

-  **In 2008 we will develop strategic objectives for corporate responsibility and sustainability across Pacific Banking.**
Specific objectives have been agreed by the Pacific Banking country heads to:
Embed Supply Chain Code of Conduct for top suppliers
Launch Strategic Risk Management in all countries

Customers



Our approach

“This year we have revisited our customer commitments. We felt that it was important to start this customer revolution as a specific program of work under the banner of Ask Once. I am delighted that we have broadened the range of customer service activities and, most importantly, made them simply the way we do things, with our customers at the centre.”



Peter Hanlon

Group Executive Retail
and Business Banking
Responsible Executive,
Responsible Banking

Customers are centre stage in our sustainability approach. Many of the major sustainability impacts of the financial sector play out in the homes and businesses of our customers.

Access to credit, transparency of information, responsible lending and investment and customer service are all key components of our sustainability agenda and a meaningful way in which we can contribute to the long term prosperity of our customers and our society.

Our recent experience with the launch of Westpac Assist has demonstrated how this can also contribute to our business and that our sustainability performance can contribute to stronger relationships with our customers.

We have restructured our business this year to better align ourselves to customer need.

Issues

All in the mind

Australians are feeling frustrated, angry and disappointed as they adjust to the idea that prosperity is not their – or Australia’s – birthright, after all. It’s a tough adjustment, given the euphoric messages they’ve been receiving about record budget surpluses and the mining boom’s version of the magic pudding.

We’ve shifted, almost overnight, from being a society that felt wealthy to one that feels decidedly less wealthy. This will make us more cautious and value-conscious as consumers, more sceptical as voters, less gung-ho about racking up debt – and, just possibly, more attentive to some of those non-material values (a balanced life, more time for relationships) we’ve always claimed to espouse.

It has also added impetus to the second great mood-shift of the past decade. The first occurred toward the end of the 1990s, when the cumulative effect of a quarter-century of sustained social, cultural, economic and technological change – plus the vague threats of global terrorism and climate change – led to a widespread retreat into political disengagement and debt-fuelled self-indulgence. Feeling that too much was beyond our control, we focused on what we could control: home renovations, re-sculpting our bodies, travel and entertainment.

During the past couple of years, a second mood-shift has been under way. Emerging from our cocoons of self-absorption, we started flexing our electoral muscles (to the alarm of governments – left, right and centre). We became almost euphoric, as we embraced the new government’s symbols of a ‘new order’ such as the ratification of Kyoto and the apology to the Stolen Generations.

And now? The euphoria has evaporated (as it always must), but we’re not heading back to the cocoon: we’re awake now, we’re rattled, and we’re going to keep a close eye on things. We no longer have the luxury of a retreat.

Hugh Mackay
Social Researcher and Author

Delivering our commitment to responsible lending



Advocacy

Fundamental to being a responsible bank is the way we respond during difficult times. The launch of Westpac Assist in Australia in November 2007 has shown that financial difficulty can be just as much the result of chance as it is downturns in the financial cycle.

An important part of our Principles for Responsible Lending is to support customers in times of financial difficulty. Westpac Assist has become the flagship program for delivering on this promise. The phone-based service is available to any Westpac customer facing difficulties in meeting their loan commitments. Proactive approaches are also made to credit card customers who are showing early signs of repayment stress.

Since it began, more than 11,000 calls have been managed by the specially trained Assist team. What has become clear from this experience is that the causes of customers' financial stress are both highly complex and highly personal. Despite the headlines surrounding high levels of household indebtedness often the causes are much more unexpected and closer to home – illness, unemployment or a death in the family.

These are stressful life events that place people under significant pressure. Add to this the flow on effects to their financial situation and the recipe is far from sustainable.

The highly personal contact we have with affected customers has provided some unique insights that help us better understand the causes of financial stress. This experience enables us to better align our services to more effectively help customers avoid financial difficulty from the outset and reinforces our overall approach to responsible lending.

Importantly, it has also allowed us to create stronger relationships with independent financial counselling services and help them more effectively meet the needs of their clients.

Building on what we have learnt so far we are looking to expand our proactive calling to other lending products and to extend the service to business customers. We will also be trialling further financial literacy programs to help create a solid financial foundation for the future.

Actions

“Last year Westpac New Zealand launched a new measurement tool, Net Promoter Score, to better understand what drives customer advocacy. From our perspective, advocacy is a truer driver of customer behaviour than satisfaction. It is a more challenging but ultimately more rewarding benchmark for us.”



Bruce McLachlan

Acting Chief Executive,
Westpac New Zealand
Responsible Executive,
Sustainability New Zealand

What are we doing?

Living up to our service promises

We continue to measure customer service across all areas of our business. Satisfaction levels have increased amongst Australian business customers from 71.6% to 81.2%. Consumer and SME satisfaction scores in New Zealand have also increased with mixed results throughout our Pacific businesses. However, consumer customer satisfaction fell slightly from 73.5% to 73.1% in Australia.

We have now included Net Promoter Scores (NPS) in our Group customer metrics. NPS measures the willingness of customers to recommend us to others and is calculated by subtracting the percentage of promoters from the percentage of detractors. Research has shown the organisations that get customer advocacy right earn more business from their customers and achieve better financial outcomes. Initial results from New Zealand are available in the New Zealand 2008 Stakeholder Impact Report. Full results will be published in our 2009 Report.

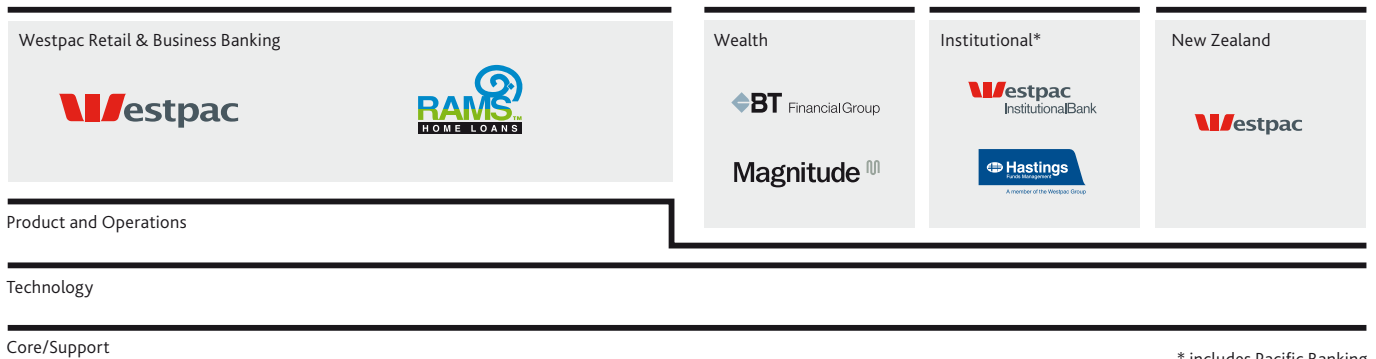
Our total points of access has increased with the roll out of an additional 81 ATMs across the Group. Thirteen new branches, five advisory centres and 14 business banking centres were also opened in Australia.

This year we launched new service principles in support of our customer centric business model to drive a more consistent customer experience. 'Red W Experience' training is now mandatory for all customer facing employees in Australia.

An independent review was undertaken of our Complaints Resolution Policy against ISO 10002. The review acknowledged the robust nature of our customer centric culture and dedicated processes and support for the identification and monitoring of systemic issues. It recommended a more consistent approach to complaints handling across business units and greater visibility of systemic issues management and enhanced reporting across all channels.

Actions

Re-organising our business around the customer**



* includes Pacific Banking
 ** Brands as at 30 September 2008 pre-merger with St. George Bank

Separately, following an internal review, the role of our customer advocate has been expanded to include responsibility for complaints escalated to senior executives and to the Ombudsman. However, the role no longer considers BTFG related complaints.

On average 86% of complaints in Australia were resolved within five working days. Complaints regarding rates, fees and charges increased due to increased attention on exception fees and the UK Fair Trading case. Despite this, the proportion escalated to the Banking Ombudsmen remained consistent at 3.4%. In New Zealand the number of disputes reported to the Ombudsman was 53, which remains consistent at less than 0.2% of total complaints.

Changes have been made to the role of our Customer Committee with senior leaders taking on more direct responsibility for addressing systemic issues. In light of this the Committee's role is now focused on the monitoring of current and the identification of emerging issues.

We are aware of the impact of a number of systems outages on customers throughout the year and have created a dedicated area focused on IT reporting directly to the CEO. We also established a project team to specifically address systemic issues involving Direct Entry processing. These issues were solved for the majority of customers within the first six weeks of the project.

In New Zealand we offer an online banking guarantee protecting our customers from online fraud provided they have met our electronic services terms and conditions. We also offer an Online Guardian system to protect against internet fraud. A higher level of protection and reduced potential fraud exposure was also made available to Business Online and Corporate Online customers in Australia through token authentication for large transactions.

Exception fees

'Exception fees' is a collective term for account overdrawn, outward dishonour, credit card missed payment and credit card over-limit fees. As a first step in helping customers avoid these fees we removed them from our Basic bank account in August. This account is also free of monthly charges and allows unlimited transactions through Westpac channels. It is often used by pensioners and other welfare recipients. We are pleased to have a banking solution that better meets the needs of these customers.

To help our customers manage their finances we proactively call customers incurring multiple exception fees to help rearrange their banking or provide options to do this themselves. We also provide a variety of channels to enable easy access to account balances.

Responsible banking

Whilst few predicted the current state of the global financial system, a fundamental change in people's appetite for risk has been clear.

In acknowledgement of this trend we launched Our Principles for Responsible Lending in 2007. The Principles are available in full on our website and progress is updated below. Currently the Principles are being adopted to roll out in New Zealand.

Seek only to lend what our customers can afford to pay

Balancing the interests of multiple stakeholders is rarely an easy task, possibly never more so than when it comes to lending. We know that rate increases can adversely affect our customers but balanced against this is a need to ensure the financial viability of our business. Interest rate decisions are made by our pricing committee which includes senior members of our retail bank. We seek to hold off on rate increases as long as possible.

We face a similar dilemma when competing with other lenders who may be willing to lend more. Important to this are discussions around capacity to repay. We also manage this tension by separating the selling of credit from credit decisioning supported by strict loan criteria.

Interest rate increases have reinforced the importance of only lending what customers can repay. Despite this the proportion of mortgages overdue by more than 90 days amongst customers in Australia has only increased by 0.01 to 0.29%. The same figure for credit card customers has fallen from 0.37% to 0.33%. New Zealand has seen larger increases from 0.21% to 0.47% for mortgages and 0.90% to 1.25% for credit cards on the proportion of balances overdue.

Market our products and services responsibly

We only offer credit card increases to existing customers on the basis of strict eligibility criteria, including past repayment history. In Australia we include an affordability statement with all offers including information on new minimum payment requirements.

Support customers facing financial difficulty

Westpac Assist has seen more than 11,000 conversations with Australian customers experiencing difficulty in meeting their loan commitments, often due to major unforeseen life events. Options discussed include pauses on loan repayments, restructuring of

Actions



financial arrangements and investigation of current insurance coverage in order to minimise financial pressure during these times. Customers helped by Westpac Assist had over \$1.2 billion in accounts with us as at 30 September. Discussions are also held through existing channels, with proactive calling also taking place in New Zealand.

Our disaster relief package has been extended to customers in drought declared areas as well as those impacted by the methane gas leak in Victoria and victims of floods in Queensland and Northern NSW.

Improve financial literacy

Our Financial First Steps™ program is now in its sixth year, with a further 158 employees completing facilitator training this year. The program enables our employees to deliver this training to school, employer and community groups. We focus on the needs of young people, so that they gain basic money management training when starting work.

Pilots have now been completed throughout Pacific Banking. Since then 615 people have attended the program in Fiji and Samoa and 40 employees from Papua New Guinea and Tonga have undertaken the train the trainer session.

We have developed an online tutorial to support our equivalent Managing Your Money program in New Zealand which has received 2,250 unique visitors since March 2008.

This year we developed a follow up program, Financial Next Steps. The content is currently used with customers accessing Westpac Assist. It is intended that it will be further rolled out with a booklet and an online version over the coming year.

In Australia we continue to offer Beyond Survival and Learn, Lead and Succeed business events for business customers. We also launched the Ruby Connection www.therubyconnection.com.au, an online resource providing information and networking support to business women.

Responsible investment

Our responsible investment practices are led by our wealth management business, BT Financial Group (BTFG), responsible for \$32.3 billion in funds under management. This includes the separately listed BT Investment Management (BTIM) of which we retain a majority ownership of 60%.

“Ultimately it is about helping our customers manage their finances over the long-term. To do this we recognise the importance of also taking a long-term view and believe that a sustainable approach to investment decision making will eventually become mainstream.”



Rob Coombe

CEO BT Financial Group
Responsible Executive,
Responsible Investment

United Nations Principle for Responsible Investment (UN PRI)

Since becoming a signatory to UN PRI in December 2006 we have worked to more broadly embed the consideration of ESG issues into our investment decision making process. This has included the integration of PRI related questions into fund manager requests for proposals and including reporting on PRI into internal processes. The principles have also been integrated into the objectives of the investment team and within our investment policy statement.

We have established a strategy for analysing Australian share portfolios and completed an initial analysis of Australian share managers with the assistance of our appointed asset consultant Watson Wyatt. In addition, we have utilised this relationship to access their internal research on sustainable investment and will use this in implementing our sustainable research agenda. We have engaged with sustainability focused research providers, including Regnan and Goldman Sachs JB Were, on the incorporation of the UN PRI into investment strategy. We have also included sustainability opportunity analysis into our investment development program. BT was the sponsor of the Responsible Investment Association Benchmarking Report 2008. The principles can be found in full at www.unpri.org/principles

Actions

Proxy voting

This year BTIM voted on 96% of resolutions with details of their proxy voting history available in our online factpac. Additional information on the decision making process for proxy voting, including our formal policy can be found at www.btonline.com.au

BT Super for Life

BT Super for Life integrates superannuation into people's everyday banking with access through online banking and branches. Over 49,000 accounts have been opened since late 2007 with \$205 million in total funds under management.

Designed with sustainability in mind, BT Super for Life is paperless once an account is opened and has already saved more than 3.4 million sheets of paper. Reinforcing our UN PRI commitment a portion of the funds, currently one dollar in every five invested in equities, is invested in prescribed sustainability investments.

The product has been recognised by the Australian Information Industry Association, winning the Financial Review Financial Applications iAward, as well as SuperRating Best New Product for 2008. For more information see www.btsuperforlife.com.au

Embedding sustainability in our products

We are taking the experience of BT Super for Life and extending the philosophy across more of our product lines. This is not just about niche products that are 'green' or 'eco' but about mainstream products that take into account a wide range of ESG factors. It is about making sustainability more real for our customers in a way that benefits them. Updates on progress will be available in future reports.

Community markets

This year has seen the introduction of a dedicated Community Markets team within our Westpac Retail and Business Banking division. The role of this team is to build and ensure the delivery of the bank's not-for-profit service proposition to better meet the needs of community focused organisations, many of whom create significant environmental and social benefit for our communities.

The team is focused on a new approach, understanding the unique needs of the community sector to equip our community customers with products and solutions, education and information to help them grow or simply help them maintain their cause or purpose. This commitment has been further supported by our involvement in activities such as the Community Treasurers' Awards including the distribution of a free guide for community treasurers and the continued development of the online Community Financial Centre.

Over the next year we will also be conducting educational workshops open to not-for-profits. The workshops will be specifically tailored to the needs of the sector and focus on cash flow and capacity building.

ESG risk

We continue to review our approach to Environmental, Social and Governance (ESG) risk with a focus on policy development and changes to our credit processes and procedures. However, policies for biodiversity, human rights and climate change discussed in last year's report have not yet been published. Following a 2007 review by KPMG we know there is an ongoing need to monitor this area and to better articulate our current practices. This is primarily done through a component of our Credit Risk Grade process for each client which is reviewed annually. This year all loans in our institutional bank required level one environmental screening with 92% also requiring level two screening.

ESG issues are monitored on a sector basis in line with market trends. We are working to provide further guidance on areas of high risk or high exposure for these assessments. Work on carbon risk is detailed in the Environment section of this report.

Following assurance findings from last year we are reviewing our measurement of Institutional Lending with High Environmental or Social Benefit in line with new sector guidelines. In the interim we have reported details of our energy exposure in our online factpac.

Equator Principles

We apply the Equator Principles for project finance to all project finance activities regardless of project size. These are approved by the Head of DCM Loan Markets.

This year we upgraded our Equator Principles worksheet, a comprehensive checklist against the Principles. The new worksheet was integrated into our internal online transaction platform further embedding our commitment to the Principles. Full details of how the principles are applied is available at www.westpac.com.au/corporateresponsibility

As more institutions sign up to the Principles we are finding that they are becoming easier to implement. Customers are more aware of the process and its requirements and responses overall have improved.

This year we participated in 15 project finance transactions located in Australia, New Zealand, UK, Europe and North America. This included one greenfield development, three expansions of existing assets, four projects refinancing existing assets and seven acquisitions.

The projects ranged across a number of asset classes including infrastructure, renewable energy, gas connection, electricity and water utility, ports, toll roads, forestry and oil and gas production. Our roles in these transactions were as Lead Arranger, Joint Lead Arranger and Underwriter, Sole Lender and Club Participant. Further details are available in the online factpac and our website www.westpac.com.au/corporateresponsibility

Anti-money laundering and corruption

We have comprehensive measures in place to help detect and manage a broad range of financial crime, including money laundering, terrorism financing and fraud.

Westpac's company-wide program is on track to manage the changes required between now and March 2010 under the Anti-Money Laundering/Counter Terrorism Financing (AML/CTF) Act 2006. The new laws were introduced to discourage the flow of criminal funds and the funding of terrorism, to safeguard Australia's financial system from crime and to bring Australia in line with international AML/CTF standards.

Our Fraud and AML Control team provides expert fraud management and investigation services internally, and we have company-wide processes in place to assess and report on the potential for fraud incidents. We use several fraud detection systems, including credit cards (Falcon), debit cards, cheque, application, internet and merchant fraud detection systems.

All employees undertake regular AML/CTF training through our mandatory 'Doing the Right Thing' training module. Additional training is required for selected employees depending on their role. General AML/CTF awareness training has also been undertaken by the required employees over recent months, to fulfil the AML/CTF Act 2006. Further information on our activities is available at www.westpac.com.au/aml

Employees



Our approach

“We work to create an environment that attracts and retains the best people. One that improves the quality of the time they spend with us, and in turn, the experiences of our customers.”



Ilana Atlas

Group Executive,
People and Performance
Responsible Executive,
Human Capital Management

It's no secret that people are a crucial element of a successful service business. Putting that into practice however, is another matter entirely. Our task is to effectively manage the shifting dynamics of the modern work environment and support the business in achieving its objectives.

A new generation of workers are challenging the old ways of doing things. Long gone are the days of command and control. We believe in engaging people and providing a workplace that is inclusive, flexible and diverse where values-based behaviours are recognised and rewarded.

It follows that our key people measure is now employee engagement. Our engagement scores measure our people's belief and support for Westpac's goals and values, their sense of belonging and willingness to go the extra mile, both for customers and themselves.

Our People Strategy sets out our specific areas of focus:

- Ensuring we deliver for the customer;
- Engaging our people for high performance; and
- Building an achievement culture: creating a culture of speed, simplicity and quality results.

Further detail on our employment practices policies and practices are available online and in 'Our Principles for Doing Business'.

Issues

Happy at work?

Throughout modern history, employers have been interested in worker wellbeing, at least to the extent it generates profit. Over the last century this has been measured by job satisfaction, resulting in thousands of research papers, for surprisingly little return.

There is still no consensus about the best way to measure job satisfaction or what it tells us about productivity. Perhaps more researchers should heed the wisdom of the organisational psychologist Dr Robert Hoppock, who observed, in 1935, that "There may be no such thing as job satisfaction independent of other satisfactions in one's life".

People do not enter isolated islands of life when at work, they carry with them influences from elsewhere. Importantly, these influences may colour satisfaction at work. People in the throws of divorce, for example, will likely experience low overall wellbeing influencing their job satisfaction despite this experience having nothing to do with their job.

We call this overall evaluation of life, subjective wellbeing, and have been measuring it for seven years through the Australian Unity Wellbeing Index. Each of our 19 surveys has involved 2,000 respondents the results of which are available online.

Our results yield some important job-related insights. For instance, the importance of paid-employment for male wellbeing. Similarly, while the wellbeing of young adults is relatively unaffected by unemployment, this experience is devastating for middle-age males. The results of these surveys have allowed us to calculate normative ranges of wellbeing. This is important because when wellbeing falls below these ranges employees are highly prone to depression, very likely to be dysfunctional at work, and looking for a new job.

The solution is to provide additional resources and support. If this involves matters outside the work-place then effective counselling is crucial as well as access to flexible working hours, carers leave and the like. Understanding this can assist employers both in their duty of care and in recognising an underperforming workforce.

Robert A. Cummins
School of Psychology, Deakin University

Helping our people lead healthy, active and productive lives.



Advocacy

We've focused our Health and Wellbeing Strategy on three key target areas, based on sound research and informed heavily by regular feedback from our employees and our other stakeholders.

These are: healthy lifestyle promotion, including fitness, nutrition and sleep; early detection and prevention of serious illness and disease; the creation of a supportive environment for mental health through raising awareness; and building resilience in all.

Against this framework, we support our employees with initiatives such as our free influenza vaccination program, taken up by over 4,000 people in 2008, a 34% increase on last year. In addition was the introduction of Westpac Assist, which supports customers facing financial difficulty, to the suite of support services we offer to help employees deal with the various challenges or concerns they may have in their lives.

But we recognise that our people are key drivers of change across our business in building for themselves a healthier and happier Westpac. Our Strategy has enabled localised growth of health and fitness programs such as the Global Corporate Challenge (GCC) and Weight Watchers, which are now formed across the company. Eighty-one per cent of GCC participants increased their incidental exercise as a direct result of the program. A similar program was also run in New Zealand.

This also has strong synergy with our focus on community involvement. For example, in Australia, hundreds of employees choose to participate in the annual Juvenile Diabetes Research Foundation (JDRF) Walk to Cure Diabetes event.

In the Pacific Islands, we also recognise that there are specific and significant areas of health need where we can play a major role.

In 2008, our operations in Papua New Guinea (PNG) released their own HIV/AIDS Management Policy, supported by membership of PNG's Business Against HIV and Aids (BAHA) organisation. The Policy incorporates a dynamic program of activities tailored to meet the needs of our people, their families and local communities, focusing on education and practical initiatives to reduce the spread of HIV/AIDS – an issue of great concern across PNG society.

Actions

What are we doing?

Attracting the right people for the right roles

We currently employ 23,638 people in Australia, 5,573 in New Zealand and 1,210 throughout the Pacific.

Our focus this year has been on increasing the number of people in customer facing roles. To achieve this we expanded GROW, our program to encourage employee referrals.

We also introduced predictive recruitment methods into our retail business in Australia to reduce the lead time for new appointments to branches and business banking centres. This enhances customer service levels and reduces pressures on employees when there are vacancies in our sites, something which might otherwise lead to increased turnover rates.

A greater focus has been placed on turnover rates within our retail banking business. In part this is being addressed by improved recruitment strategies, with more recruitment now being handled in-house together with a range of training and induction initiatives.

This year graduate applications increased 39% to 7,270 with 161 graduates hired for our 2009 program. We also partnered with Disability Works Australia (DWA) to target appropriate students. This resulted in 28 applications in 2008, five offers and four acceptances.

In Australia our Indigenous recruitment focuses on recruitment into vacant positions, expanding our school based trainee program in partnership with the Aboriginal Employment Strategy (AES) and retaining and developing our Indigenous employees. Retention in our school based trainee programs improved from 55% to 78%. It is likely that three of the four trainees about to graduate from our first intake will take up job opportunities at Westpac.

We made our first appointment to the Leon Davis Indigenous Cadetship program, named after our former Chairman, in partnership with the National Indigenous Cadetship Project (NICP). The program links employees with indigenous tertiary graduates combining full time study with work placements.

We continue to employ a high proportion of local employees in the Pacific. Only 3% of employees in the region are expatriate employees. This number has remained consistent for the past three years.

Although our turnover rate remains in line with the industry average we did see an increase this year to 19%, including an increase from 17% to 20% in Australia. This is mainly due to increases in first year resignations in our retail bank, a trend we are seeking to address via the activities already outlined. In addition, there has been a reduction in back office roles to accommodate more front line positions. Pleasingly, many of these employees have moved into customer facing positions via our active redeployment program.

Engaging employees

Measuring engagement

A record 93% of employees across the Group completed the 2008 Staff Perspectives Survey (SPS). Employee commitment and employee engagement both increased to 74% and 78% respectively. Given its greater link with business performance, and our focus on customer centricity and growth, employee engagement has now become our key people measure.

Actions



All 16 SPS categories increased in 2008, with organisational change seeing the most favourable improvement, testament to the work undertaken to improve the organisation's capacity to manage change. This remains an important area of focus which we are seeking to further improve with plans in place to further develop change capabilities amongst our leaders. We have also created a specialist IT unit reporting directly to the CEO to address issues in this area.

Occupational Health and Safety (OHS)

We work to proactively eliminate and manage hazards and their effects for our people, customers and contractors. Our people are involved in health and safety via informal and formal processes. These include direct consultation with people leaders, focus groups, surveys and more formal arrangements such as business unit safety councils and health and safety representatives and committees.

This year we achieved our Australian Lost Time Injury Frequency Rate (LTIFR) target, which reduced by over 10% to 3.40.

Whilst the LTIFR figure is lower in New Zealand at 2.16 it is a 31% increase on the previous year and reflects some injuries sustained offsite. The aim next year is to reduce this figure to 1.60.

Improvements were made to the ergonomics of our customer facing work areas. We contributed to a financial industry group initiative to reduce the weight of coin bags and have implemented emergency preparedness training for all Westpac employees. Our health and wellbeing offerings have been expanded to include voluntary fitness and weight reduction programs and we are exploring further ways to enhance our employees' mental health resilience.

In Australia awareness of OHS issues has been successfully raised through the tracking of outcomes via the intranet.

Employment conditions

Westpac's Enterprise Development Agreements (EDAs) regulate a number of employment conditions including pay increases for eligible Australian employees.

Although these agreements expired in 2004, in Australia they remain in force and cannot be changed without employees' agreement. Since the agreements expired, we have continued to pay wage increases and make improvements in terms and conditions. A 4% annual salary increase was paid to all eligible employees from 2004 to 2006. In 2007 we paid salary increases based on performance and level of pay to people whose regulation is regulated by the EDA. This was done in line with our pay for performance strategy and based on the principles of paying for

performance and paying fairly and competitively. The feedback from employees following the introduction of performance linked fixed pay increases was positive.

During 2008 our employee policies were rewritten in a fresh, conversational, informal style making them clearer and easier for people to understand. We actively sought input from the Finance Sector Union on the draft policies.

In New Zealand our collective employment agreements were negotiated during the year resulting in a 5% salary increase. We also developed a Learning Framework and Pay Competency Model to ensure that employees have the skills they need to do their jobs well and are rewarded based on competency.

Diversity

Our Group-Wide Staff Perspectives Survey (SPS) provides us with information on how we are performing against our diversity ambitions with 53% of respondents identifying themselves as coming from an ethnic or cultural background other than Australian, while 37% speak a language other than English at home.

Ten per cent of employees in the SPS self-identified as having a disability. The increase on last year's 3%, in part, reflects more broadly defined options in the 2008 SPS in the line with those recommended by the Diversity Council.

Disability action is an area in which we have played an active public role. For the past three years we have sponsored the NSW Government's Don't DIS my ABILITY campaign, and provided support to Link Disability magazine to encourage jobseekers to consider joining Westpac.

In 2008 we also won the Fair Go Award (NSW Association for the Deaf) and Organisation of the Year (ASCIA NSW) St Jerome Awards for Translators and Interpreters for a new initiative offering free interpreter services nationally for deaf customers and employees.

We will seek opportunities to identify and retain mature age talent, offering flexible work conditions and aiming to remove the cultural barriers that prevent people from diverse age groups working and thriving at Westpac.

In 2008 we introduced an online Flexible Work Options Guide to support people leaders and employees, particularly those preparing for retirement. We also partnered with Adage, providing career support and job listings for mature age professionals. We will continue to work on our diversity agenda in 2009, aligning to our revised people strategy.

Actions



Work life balance

Almost half of our employees indicated in the SPS that they have carer responsibilities of some kind. In recognition of these, and other, demands we have a number of work-life balance programs in place.

We offer 12 weeks paid and up to two years unpaid parental leave and in 2007, we waived the six-month qualifying period. Over the past seven years an average of 1,000 employees accessed paid parental leave each year. Our child care centres continue to be popular with 463 children from 375 families now attending our child care centres located in areas of high demand. We do not yet provide childcare facilities in the Pacific due to a current lack of demand and are exploring opportunities in New Zealand.

Employees can purchase an additional four weeks of annual leave and may salary sacrifice up to 100% into benefits like childcare, superannuation, vehicles and computers. In 2008 we introduced our online salary package, Oracle Advanced Benefits.

Our 'At Home' pilot has been extended within our wealth business, a flexibility initiative where employees can take calls from customers anywhere in Australia from their own homes. Eighteen percent of call centre employees in BT now work in this way.

Encouraging women in management

The majority of our workforce are women, that is 63% of our Australian workforce, 70% in New Zealand and 59% in the Pacific. And while we have strong representation in senior ranks we are committed to improving this further.

During 2008 we introduced specific initiatives to further encourage women into the senior ranks and will continue to do so throughout 2009. These included the pilot of a personal development program aimed at female managers returning from parental leave and the introduction of mentoring programs.

Our Group Executives have been actively involved in championing opportunities for high performing women to gain experience in profit generation roles. In addition the CEO of BT Financial Group, Rob Coombe was appointed as the executive sponsor for women in June 2007 to drive awareness amongst senior leaders of the barriers women face in the workforce. We were again acknowledged as an EOWA Employer of Choice for Women for the twelfth consecutive year.

Grow and develop

A key focus this year has been on the development of people leaders, in particular their ability to lead change. This has previously been identified as an area of weakness in the SPS and given the recently

approved merger with St. George is likely to be an important prerequisite for the year ahead.

Enhancements have also been made to programs to support our new customer service strategy. Most notable has been an increase in induction training from one to four weeks, also designed to reduce turnover rates within the first year of employment. Additional training has also been rolled out in business banking to improve support and service for small business customers. In New Zealand this has also seen the introduction of a training needs assessment tool for all customer facing roles.

During 2008 we introduced two online induction modules focused on culture, 'Destination Westpac' for all employees and 'The Right Stuff' for all people leaders, including front line leaders. Both provide an introduction and orientation on Westpac's culture, structure and people through engaging interactive modules combining video, audio, animations and downloads.

We will report on the outcomes of these initiatives in our 2009 report.

Destination Westpac is available to new employees before they start via a secure intranet site and was awarded the LearnX Asia Pacific Award for best blended learning solution.

We continually explore opportunities to use new mediums to help employees develop and reach their career goals. This year saw the expansion of our 'borrow an iPod scheme' along with new tools to allow subject matter experts to produce their own content.

Performance reviews take place at least annually for all employees and include discussions around individual development opportunities. Improvements were made during the year to our Capability Framework available to all Australian employees with the exception of BT and WIB. Employees are required to assess themselves against the framework and develop plans for their next career step. A similar program also runs in New Zealand.

In support of areas identified for further development an interactive training tool, Intuition, provides all employees, including those off-shore, with access to over 350 hours of e-Learning self-study modules. Employees have responded positively to the addition of more user friendly tools.

Employees can also flag their interest in particular roles and register interest in career opportunities. They are able to load their resume into the Careers@Westpac system and receive email notification of potential job matches.

In addition more than 1,000 employees attended a Career and Development Expo during the year which has been supported by an intranet resource available nationally.

Environment



Our approach

“We are committed to cementing carbon capabilities and expertise across our business to help our clients thrive in a carbon constrained economy.”



Philip Chronican
Group Executive
Westpac Institutional Bank
Responsible Executive,
Carbon Markets

With an environmental policy in place since 1992 we have long recognised the direct and indirect environmental impacts of our business. We believe that applying the precautionary approach and actively managing these impacts contributes to the long-term sustainability of our business.

Fundamentally the consideration of environmental impacts should just be part of the way we do business, so much so that this year our Group Executives will share and be measured on our emissions reduction objective.

This supports our emissions reduction program targeting a 30% reduction in Scope 1 and 2 emissions by 2013. This is in addition to the 40% reduction already achieved since 1996. Whilst this is important in playing our part we know that the key role for the financial services industry will be in facilitating the transition to a low carbon economy.

This belief has led to a revision of our climate change approach. Our strategy reinforces the need to work with our suppliers, our customers and our employees to help them minimise the risks associated with climate change and encourage them to think about the opportunities. This can be as simple as energy saving tips and discounts to home loan customers through to complex products for our institutional clients.

Issues

Where the climate change rubber hits the road

Much attention has been given to the environmental and economic impacts of climate change; less topical has been the everyday impacts on communities, and in particular, the impact on those already experiencing disadvantage.

It is likely that much of the burden will fall disproportionately on the most vulnerable members of our community, those on low incomes and those whose livelihood depends on their local environment. Low income earners typically live in areas more prone to the impacts of climate change and are less able to move or climate proof their homes.

The impact of water shortages and secondary effects on utility and food prices are likely to cause stress and health issues for individuals and families alike. Energy and water bills account for a relatively higher proportion of low income household budgets. Price increases will only compound this issue.

Even basic improvements to energy and water efficiency are generally beyond financial reach. Tenants have little incentive or scope to make capital investments like insulation or solar hot water. We need to rethink the energy efficiency of our public housing and encourage the uptake of energy efficiency improvements by landlords. We need to make appropriate investments to maximise efficiency and amenity and minimise consumption and emissions.

Education about climate change and accessible information like product labelling can help people make sensible choices to protect themselves from the social impacts of climate change, regardless of income level.

The transition to a low carbon economy should provide opportunities for innovation, enterprise and employment. Low income households can contribute to and benefit from climate change solutions. We should act on climate change, but care must be taken to ensure that the costs of emissions trading are not disproportionately borne by those with the least capacity to pay.

Clare Martin
CEO, Australian Council of Social Service

Building carbon markets



Advocacy

This year, we have been actively involved in the development of regulatory frameworks for establishing carbon markets in Australia and New Zealand. With so much debate on the proposed schemes we thought it would be useful to set out where we stand on the issue.

In commenting on policy options, we have always advocated measures aimed at ensuring an efficient, liquid and transparent carbon market with a smooth process of price discovery avoiding sudden market shocks in the early stages of the scheme.

We support an emission reduction trajectory that strongly references the climate change science and minimises the amount of complexity and politicking.

We believe there is a case for adjustment support mechanisms to allow business and members of the community to transition into a carbon-constrained economy. However utmost care must be exercised that compensation measures do not undermine the integrity of the scheme or alleviate the impact of the introduction of a carbon market.

Similarly designing a trading scheme with a price cap, price ceilings or floors built in fundamentally undermines the functioning of the market by weakening incentives for market participants to pursue responsible and efficient trading behaviour. As such we don't support the imposition of price controls.

We believe that carbon represents a significant new market, with a strong potential for growth. We are positioning our business to respond accordingly and have launched a new Commodities, Carbon and Energy (CCE) trading desk. In May we participated in the first trade of carbon permits to take place under the forthcoming Australian scheme.

We are also focused on building knowledge and carbon fluency across the bank, understanding and managing carbon credit risk and providing integrated client products and services on carbon once carbon markets are fully operational.

Financial institutions are in a unique position when it comes to climate change and the associated risks to business, as we lend to and invest in every other aspect of the economy. At this time more than ever business leaders have a role to support and advocate changes that will reduce the carbon intensity of our economy and provide solutions to help their customers make the transition.

Actions

What are we doing?

Our climate change strategy

Our Strategic Roadmap on Climate Change is the second iteration of our approach building on Our Principles for Doing Business (2005).

The strategy focuses on five main areas for action on which we will report over the next five years.

Originally planned for release in February, the strategy was delayed to allow for further consultation with internal and external stakeholders and to align with a review of our overall sustainability strategy.

1. Managing our environmental footprint

We have changed our reporting of greenhouse gas emissions in line with the National Greenhouse and Energy Reporting system introduced in Australia and following a review by internal audit. The main differences are a change in reporting period from July to June and a more transparent breakdown of emissions by source and scope. Full details are available in our online factpac.

Our total Scope 1 and 2 emissions from gas, electricity and car fleet were 122,974 tonnes across the Group with 91% of this coming from our Australian operations.

Currently 40,277 tonnes, we will seek to account for more of our Scope 3 emissions over time with a project already underway in New Zealand. This is the first year we have reported Scope 3 emissions and included emissions data from our London office.

Activities underway to help achieve our five-year reduction target of 30% include the transition to hybrid and smaller vehicles in Australia and New Zealand which should see emissions reduced by approximately 750 tonnes. A move to a new energy efficient head office in Auckland will commence in late 2008.

We are developing site specific energy management plans for properties in Australia and New Zealand. Lessons learnt from energy efficiency improvements in the Cook Islands will be shared across the Pacific this year. Further details on specific energy savings achieved will be included in our 2009 report.

2. Communication and advocacy

This year has been an intense one for policy development. We have played an active role with submissions on the emissions trading Green Paper and Garnaut Review. The submissions are available on our website and support the implementation of a robust, deep and liquid emissions trading market.

We also provided input to the Australian Competition and Consumer Commission (ACCC) guidance on environmental marketing claims and purchasing carbon offsets.

In July 2008, we were a founding partner in the launch of 'Together', in conjunction with the Climate Group. 'Together' promotes simple products, services and initiatives that result in measurable CO₂ savings.

Actions



We also held customer briefings and events to raise awareness of climate change and emerging carbon risks and opportunities.

We continued our involvement in the CSIRO's Sustainable Communities Initiative. This has included work to explore innovative models for finance and public housing as well as infrastructure investment models for local greenhouse gas reduction initiatives.

In the Cook Islands we will distribute reusable bags in partnership with one of our customers to help reduce the use of plastic bags.

3. Risk and capacity building

The Carbon and Water Forum chaired by Group Executive, Philip Chronican focuses on systematically exploring the impacts of climate change across our institutional bank.

Early work has included an analysis of the energy generation sector in Australia and New Zealand. Included in the online factpac are our estimations in relation to generation financing along with details of the assumptions made. This analysis aims to provide a snapshot of our lending in the electricity sector and we do not expect significant movement in the data in the short-term. We have included it in recognition that this is an area in which there is rightly increased interest. Further information will be made available as our thinking unfolds.

A Carbon Risk Committee has also been established to incorporate carbon into credit risk policies and procedures. Our institutional and corporate banking division was identified as a priority area of focus for this work.

Carbon risk training will be delivered to around 400 people across institutional and business banking throughout 2008. Seven employees also completed a month-long UNEP FI program on climate change and the finance sector.

We launched a carbon intranet resource featuring research reports along with regular updates on existing and emerging carbon markets around the world subscribed to by over 270 people across the business.

Our performance was recognised by our inclusion in the Carbon Disclosure Project's Global Climate Leadership Index for the fifth year in a row. We were also recognised by ratings and research firm RepuTex as the best in sector 'low carbon company' for financial services.

4. Products and services

Available since 2006, take-up on our environmental retail products has been mixed. The most positive customer response has been to our e-statements offering in Australia. More than 500,000 customers have elected to receive e-statements, resulting in savings of over 240 tonnes of paper and \$5 million.

At September 2008, our Westpac Landcare Term Deposit product held \$10.5 million in balances. In addition, a fixed portion of the annual average monthly balance of this product is donated to Landcare Australia, this year resulting in a donation of almost \$1,000. Tracking issues have meant that we no longer directly link the product to specific agribusiness loans, however a review of balances showed that more than \$200 million is currently lent to Landcare farmers, significantly more than held in the Westpac Landcare Term Deposit product.

Our home loan offer, the Economical Living package, was revised to improve tracking and include more discounts aimed at apartment owners. An online version of the product is being developed in New Zealand to enhance the existing offering.

We are also working to include further offers through our Altitude credit card redemption scheme.

In October 2008, we launched a new financial markets trading division Commodities, Carbon and Energy (CCE). CCE will trade a full suite of financial products and services in the EU, New Zealand and Australian carbon markets as well as project based credits under the Kyoto protocol.

In May 2008, Westpac and AGL undertook the first trade under the forthcoming Australian emissions trading scheme. We purchased 10,000 permits at A\$19 a tonne for delivery in February 2012.

5. Employee Engagement

This year, a number of areas across the organisation held information sessions on climate change with speakers including the CEOs of WorldVision and WWF Australia.

Participation in our annual graduate sustainability program more than doubled with teams looking at issues such as water risk and employee engagement. More than 80 graduates have now completed the program.

Approximately 150 Sydney employees participated in the Australian Conservation Foundation's Green Home workshops to learn practical ways to reduce their environmental impacts.

Actions



Sites across Australia participated in the Earth Hour campaign, turning off the lights to raise awareness of climate change.

We also introduced an item to the corporate uniform catalogue made from recycled PET bottles.

Recycling rates fell for both paper and co-mingled recycling by over 18%. To address this we will be extending existing recycling education programs. These programs will also support the roll out of co-mingled recycling facilities to all Australian corporate sites.

This year we recycled 3,057 PCs through our partnership with WorkVentures. A further 45 PCs were recycled in our Pacific operations. Whilst PC recycling takes place in New Zealand it is not currently tracked. We hope to include further details in our 2009 report.

Water

This year, we were the first bank globally to sign the UN CEO Water Mandate and are a member of the advisory committee. The Mandate promotes greater collaboration on water issues as well as greater transparency on reporting.

We are also an active participant in the Water Stewardship Initiative (WSI), building a benchmarking system to promote responsible commercial and industrial water use.

Westpac is a participant in the UNEP FI's water risk stream working to deliver tools for incorporating water related risks into investment decision-making systems and processes.

This year, reported water data has been extrapolated for our entire portfolio in Australia. Waterless urinals in Sydney and New York offices have resulted in estimated water savings of over nine million litres each year.

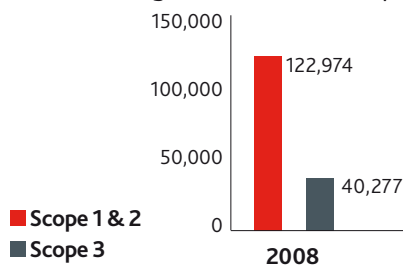
Biodiversity

We continue to work with Landcare supporting its education award encouraging schools to adopt responsible land care practices. Now in its eleventh year, our employee volunteering partnership, Operation Backyard, has helped 287 local habitat restoration projects. So far we have invested \$1.735m to help protect our unique biodiversity.

We also continue to support Landcare CarbonSMART, a carbon pool where proceeds from the sale of carbon offsets are paid to landholders for maintaining vegetation on their land. There are plans to extend this offering to include revegetation activities bringing further benefit to farming communities.

We have also launched our involvement in the Sir Peter Blake Trust's Care for our Coast initiative. The program encourages environmental awareness with projects to clean up New Zealand's beaches and waterways. Forty-nine clean ups have already taken place involving employees and local schools.

Greenhouse gas emissions - Group (tonnes CO₂-e)



Social



Our approach

“Our community involvement is a real source of pride for our employees and influences how they feel about Westpac and their roles. So too, our leadership on issues of concern to the community and our preparedness to be actively involved has helped strengthen our customer relationships.”



Jane Kittel
General Manager,
Pacific Banking
Responsible Executive,
Sustainability, Pacific Operations

Almost two centuries of operation have shown us the importance of banking to our communities. Recent global events have put the spotlight firmly on the significant social footprint of the financial services sector.

Whilst many of these impacts are played out in our direct relationships with customers and our role in the economy as a whole, we know that our broader role in the community is also an important part of this relationship.

We know that without prosperous backstreets the high street will also struggle. To help contribute to sustainable communities Westpac's community involvement strategy is based on three fundamentals: employee engagement; community partnerships; and capacity building.

Detailed information on our community programs, partnerships and activities are reported in our Community Involvement Report 2007 'Regeneration', available at www.westpac.com.au/community

Issues

Sustainability begins at home

For nations to prosper they need a highly skilled workforce. This requires success in education. In our work in New Zealand we've seen our best do very well, but there is still chronic under-achievement for too many.

An important path to prosperity and community wellbeing has been largely overlooked – that path is through the living rooms of our families. For too long we have ignored American and British research on the connection between family structure and function and societal issues like poverty, education failure, ill-health and crime.

This research identifies two main opportunities for action: developing young children's cognitive abilities; and cultivating adolescents' motivation for academic achievement. To do this we need government and business alike to focus their support decisions on effectiveness of outcome. An evidence-based and outcomes-focused approach is needed to deliver the changes required.

Great Potentials has been actively involved in this work for 18 years and has been a member of Westpac New Zealand's Community Consultative Committee for three. Our programmes help parents and tertiary students – two potent forces that can improve safety and prosperity. Our Home Interaction Programme for Parents and Youngsters (HIPPY) helps parents prepare children for success in school and themselves for the workforce. Our Mentoring and Tutoring Education Scheme (MATES) raises the achievement levels and aspirations of younger people. Ongoing evaluation of the effectiveness of these programmes is crucial and clearly demonstrates the progress made.

At Great Potentials we say “It's not who parents are, it's what parents do that counts.” Similarly social programs should be assessed by the effectiveness of their outcomes. This needs to be informed by research, supported by funding and evaluated for success.

We are seeing families build more satisfying lives and contributing to safer, more prosperous communities. But there are many more to reach!

Lesley Max
CEO, Great Potentials

Corporate Community Mentoring



Advocacy

"Together, Westpac and JDRF have pioneered the next phase of corporate community involvement in Australia – organisational mentoring." – Mike Wilson, Juvenile Diabetes Research Foundation (JDRF) CEO.

Mike Wilson, CEO JDRF believes a new era of corporate community partnership in Australia was born when the JDRF approached Westpac with a proposal for organisational mentoring.

JDRF, a Westpac community partner for 10 years, wanted to improve their ability to attract, develop, and retain the right staff. Their 2007 employee survey revealed some of the underlying challenges and they sought HR expertise from Westpac.

In March 2008, three specialists from Westpac's People & Performance department took up the challenge to help.

They commenced a broad diagnostic and interviewed many JDRF staff to ensure they had full view of the current situation. Short and long term solutions were identified and action was taken to achieve immediate cultural and HR practice improvements.

Employee feedback in JDRF's 2008 employee survey saw marked improvements in areas of employee development and retention. Westpac volunteer Sandy Blackburn-Wright observes "We are already beginning to see a change in the working environment. In my experience JDRF have moved much more quickly than most."

Both organisations view organisational mentoring as a long term commitment and it has proved to be a powerful way of building capability on both sides.

Westpac and JDRF agree that successful organisational mentoring depends on:

- a joint commitment to the initiative in the long term;
- a history of trust between the organisations and a willingness to act on that trust during the difficult conversations that may be required; and
- an ability to draw on diverse expertise that a large organisation like Westpac contains.

Actions

What are we doing?

Our community contributions for 2008 across the Group totalled \$65 million, up from \$58 million last year. This constituted 1.2% of pre-tax profits.

Detailed information is contained in the online factpac on the breakdown of these contributions. Next year we will be working to more formally include information on the outcomes of some of our key partnerships.

Employee Involvement

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 annual community involvement survey, conducted by Taverner Research in April 2008, revealed that 80% of our Australian employees participated in volunteering or fundraising activities in the previous 12 months.

The survey also revealed an increase in the number of employees who always use their professional skills when volunteering. Skills-based volunteering is a valuable way our employees can bring additional value to community groups. To support and encourage this, we introduced a national skills register to match employees and their skills with potential volunteering opportunities, which is just beginning to gain momentum.

In New Zealand volunteer days increased 57%, from 516 to 808 days, following increased communication to raise awareness of the program and how employees might use their volunteer day. In 2009 we will be targeting a further 30% increase.

It's not just individual employees that use their skills: in 2008, Westpac Australia's HR team piloted an organisational mentoring program with the Juvenile Diabetes Research Foundation, see Advocacy section. The concept behind the program utilises Westpac's organisational skills, in this instance knowledge of HR process, systems and best practice, to help up-skill community partners.

During National Volunteer Week in May, we celebrated our employees' involvement in the community. The then Minister for Volunteering Linda Burney attended a Westpac Foundation hosted event for the Centre for Volunteering, where she congratulated Westpac on its leadership position in the community.

Our teams throughout the Pacific have a long tradition offering hands-on support including participating in clean up programs in Tonga and volunteering with health organisations in Papua New Guinea.

In the year to March 2008, more than 450 charities received over \$2m from Westpac and employee donations via Westpac's Matching Gifts program, which matches employees' donations to any tax-deductible Australian charity dollar for dollar. This program is also in place in New Zealand where over NZ\$490,000 has been donated since the program began in 2005.

A key challenge for next year will be how to localise our national partnerships, making them more meaningful for individual communities and the Westpac employees that work directly with and in these communities.

Actions



Photo courtesy of Nigel Marple nigelmurplephotography.co.nz

Community partnerships

Westpac has a range of long-term partnerships which reflect a diverse range of community issues. The intent of our partnerships is to create real and mutual value as well as to realise broader social benefit. A key challenge to achieving this is maintaining the relevance of our long-term partnerships as both organisations change over time. Regular open dialogue is important in achieving this.

Our Australian partners include: The Salvation Army, Mission Australia, Landcare Australia, Juvenile Diabetes Research Foundation, Indigenous Enterprise Partnerships, Surf Life Saving, Westpac Life Saver Rescue Helicopter Services around Australia, and Aurora the Community Channel – Australia's only national community television channel.

In New Zealand we have a number of new community programs including Care for our Coast together with the Sir Peter Blake Trust and the Halberg Trust. We have also continued our rescue helicopter partnership in New Zealand and this year we raised more than NZ\$929,000 in support of their continued efforts.

Capacity building

To help community groups improve their operational effectiveness we provide access to business and finance tools and training. In 2008, 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.

Also during 2008, Westpac created a new Community Markets division – a dedicated team focusing on the banking needs of the not-for-profit sector with aims to change the way we deal with this sector. Further details can be found in the Customer section of this report.

Contributing to disaster relief

Over the course of the year the bank has contributed to a number of disaster relief funds, most notably the China Earthquake (\$100k donation) and the Solomon Islands Tsunami (\$50k) both of which were strongly supported by staff and customers in the affected regions.

Political donations

Political donations are reported in the Annual Report and Australian donations are also publicly through the Australian Electoral Commission.

Human Rights

Our commitments to human rights are set out in 'Our Principles for Doing Business' which has recently been reviewed. Our response to key human rights including employee rights, accessibility, Indigenous rights, corporate governance and supply chain is discussed in this report and reported against the Principles of the UN Global Compact.

Indigenous assistance

Our Indigenous assistance focuses on three areas – strategic partnerships, employment opportunities and advocacy and has been expanded to include the Pacific.

We have continued our key partnerships with Indigenous Enterprise Partnerships (IEP) in Cape York and the Indigenous Capital Assistance Scheme (ICAS) to promote financial literacy and economic self-sufficiency.

We continue to work on issues identified within the Indigenous Financial Services Network.

Over 350 employees have volunteered in Cape York since 2001. This year, 49 secondees spent at least a month in the Cape along with five full year fellowships.

Internships are also offered across the Pacific and scholarships are available to primary school students in Samoa.

There is no easy or simple solution to many complex issues faced by Indigenous communities. We remain committed to a long term approach, such as our decade of commitment in Cape York, using our employee skills and experience in supporting those communities with their goals.

Further details on our Indigenous Employment Strategy can be found in the employee section of this report.

Suppliers



Our approach

“By taking a broader view on our assessment processes we benefit from a better understanding of risks within our supply chain.”



Peter Clare

Group Executive Product & Operations

Responsible Executive, Sustainable Supply Chain Management, Sustainable Products

There are significant opportunities for us to improve the overall sustainability credentials of the goods and services we buy.

Typically associated with manufacturing businesses, experience has shown us that sustainable supply chain management is equally important in financial services.

With around 10,000 discrete suppliers, our supply chain is a major part of our footprint. Our approach is focused on engagement and capacity building. We seek to lead from behind, encouraging continuous improvement to create opportunities for mutual benefit.

We work to ensure that our suppliers are aware of their specific environmental, social and ethical responsibilities and have management systems in place to address associated issues, risks and opportunities.

This year has seen us introduce a Sustainable Supply Chain Management (SSCM) Code of Conduct. The code was developed in consultation with suppliers and other internal and external stakeholders and sees us extend our approach further through the value chain. All suppliers must now meet these minimum standards for sustainability, raising the bar on our supply chain in a way that is measurable and unambiguous.

Issues

Small changes can have big effects

When I established Proton Projects in 1996, I set about building a company that genuinely promoted work-life balance for its people, eradicated unnecessary overheads, grew through demonstrated performance and strong client relationships, and established modest growth targets to retain flexibility.

While some might not endorse our business strategy as the most ambitious, it gives us a good night's sleep every night. And I've been to every single school play and sports carnival because of it.

For us, engaging with Westpac on sustainability seemed like a natural step. We had sufficient respect for Westpac's credentials to be receptive to its initiatives and methods. There was no discomfort about participating in Westpac's Sustainable Supply Chain Management (SSCM) questionnaire – a rigorous assessment process.

From the outset, we were able to demonstrate superior performance. But the SSCM process also led to significant improvements. One thing we picked up was the need to translate a lot of our informal approaches into formal policies. For example, we now have a formal policy statement about discrimination and other labour hire practices.

Translating unwritten culture into formal policies is particularly important as we look to our own long-term future and consider leadership transition for the company. We want to make the culture of Proton self-sustaining in the long term, irrespective of whether we are still actively involved. The sustainability dialogue with Westpac has become a trigger to get this achieved.

We're also now working with our own suppliers to extend sustainability further along the supply chain. Not only are we preparing for changing environmental and social conditions, but we are also improving our current processes for right now.

Peter Spasojevic,
Proton Projects Pty Ltd

Paper Purchasing Policy



Advocacy

In 2007 we launched a Paper Purchasing Policy to improve the environmental footprint of paper purchased throughout our Australian operations. The policy specifies targets for desired paper qualities along with paper recycling and consumption.

The policy is initially being measured against those paper product areas where the required data is available. This includes customer statements, desktop print and stationery, marketing materials, envelopes and ATM rolls. These products constitute 93% of Westpac's total paper tonnage for the reporting year. Over time we expect to be able to expand this scope.

Over the past 12 months we engaged our five key suppliers to establish regular and detailed reporting processes and undertake initial benchmarking. Existing recycling activities and migration to non-paper technologies, including imaging and online statements continued.

Although our paper suppliers have provided volume data for some time, the new reporting requirements are more complex requiring further detail in relation to paper quality. Despite the goodwill and co-operation of most of our suppliers this has not been an easy process and a number of difficulties were experienced. In the year ahead we will work to further streamline the reporting process and develop requirements for inclusion in future supplier contracts.

Specific areas included in the policy are:

- FSC accreditation
- Chlorine free bleaching processes
- GHG emission management at the pulp mill
- Fair and appropriate workplace practices
- Community engagement
- Local sourcing
- Post consumer waste content
- Absence of old growth forest pulp
- Environmental certification of the pulp mill
- Regulatory compliance of the pulp mill

Of these the final three are proving the most difficult to obtain information on and will be an area of focus this year. We will seek to provide more detail on compliance with the policy in our 2009 report.

Actions

What are we doing?

Standards for suppliers

This year our 'Sustainable Supply Chain Management' (SSCM) process consolidated a long period of learning and development. It culminated with Westpac's recognition in the Dow Jones Sustainability Index (DJSI) 2008 as 'Global best performer' in sustainable supply chain management in the financial sector.

It's a report card we were pretty happy to receive, acknowledging not only this year's hard work, but also the effort of recent years. We have built our understanding and our process progressively, working closely with our suppliers, so this accolade belongs to many.

Since we commenced SSCM in late 2003, there has been a significant shift in supplier attitudes to the setting of sustainability expectations by a customer. Our suppliers tell us that such expectation setting is becoming the norm from their corporate customers, and companies of all sizes are increasingly seizing the opportunity.

Our SSCM Code of Conduct – a minimum standard for all our suppliers – developed in 2007 and launched on 1 January 2008, has been the key focus of attention for the past 12 months. It replaced our previous SSCM Questionnaire assessment process for the vast majority of suppliers, although 86% of our supply chain spend remains subject to the more rigorous process in addition to having to meet the new minimum standard. The Code also allows for verification of compliance.

Although considerable time and effort has been put into communicating and implementing the SSCM Code of Conduct, it has made the process simpler for the large number of small to medium enterprises that provide Westpac with goods or services. Simultaneously it allows us to engage a broader cross-section of our suppliers, and to focus greater resources on those suppliers in higher risk categories, when required. It can also be used by suppliers within their own supply chain to generate further change.

We have begun to consolidate and implement our learnings from last year's pilot of external validation processes. A resource intensive, detailed and methodical approach to validation highlighted continued anxiety about the purpose of Westpac's SSCM process, and the ongoing need for support for suppliers change efforts.

This has driven further review and refinement of our SSCM resources. In 2009 we will review the wording of the SSCM Questionnaire to further improve our engagement with suppliers.

For the important process of compliance validation we have determined that a relatively cost and time efficient process – for both Westpac and our suppliers – of reviewing evidence of compliance will suffice. We have therefore embarked on an internal validation process using this methodology.

Maintaining the integrity of our process is essential, as is working with suppliers to generate positive change. We will continue to explore cost effective, mutually beneficial mechanisms to extend higher-risk suppliers sustainability performance, where it is appropriate to do so.

Actions



Over 600 suppliers have now completed at least one SSCM process, constituting 99% of our Top 100 suppliers (by spend) – up from 85% the previous year. Of these 89% are fully compliant with our requirements or have an agreed plan in place to attain full compliance. The remainder have been engaged, and plans to attain full compliance are pending.

In the year ahead we will work to further expand the reach of the SSCM Code of Conduct – our minimum standard for suppliers – into our non-Australian operations – particularly in New Zealand and throughout the Pacific. Already in the Pacific we have begun to engage with the top 20 locally based suppliers.

Market leadership

The tools and resources we provide to support our suppliers in improving their own sustainability have matured further and are widely recognised as best practice. We continue to make information on our process publicly available via the Westpac website, in the interests of transparency and to contribute in a practical way to the ongoing debate and developments about sustainable supply chain management.

This year we published a selection of case studies profiling our suppliers experiences of corporate responsibility: 'Embracing the corporate journey into sustainability – stories from Westpac's supply chain'. One of those stories is included in this report, and our thanks go to each of the individuals and companies who gave their time and insights so willingly, recognising the value of sharing stories about sustainability.

Fairtrade

On 1 September 2008 we switched our corporate head office buildings in Sydney to Fairtrade Coffee in on-floor kitchens, catering and cafes, used by over 9000 employees, and provided it as an option to all Westpac branches, operational sites and offices through our electronic purchasing facility. This is one of the biggest rollouts of a Fairtrade product at an Australian corporate site.

Coffee has high staff visibility and is purchased in significant quantities. Switching to a Fairtrade product provided a valuable opportunity to increase the awareness amongst Westpac employees of 'upstream' issues in the supply chain, with flow on benefits to other purchasing decisions they make on behalf of the bank. An education and awareness campaign was run throughout Westpac, and response to the product switch has been positive. It helps that the coffee tastes great too!

Reducing our carbon footprint

As we embrace the emerging carbon constrained economy, we have looked even more closely than usual at those of our products which clearly impact our carbon footprint. In particular our paper purchasing decisions (see Advocacy), and our motor vehicle fleet.

Working with the business, this year we engaged a new provider of our motor vehicle fleet, with superior performance options including the Toyota Prius for our branded vehicles in New Zealand and Australia. A comprehensive evaluation of a broad range of options was undertaken, taking note of the wide variety of needs for employees working in diverse locations. It is satisfying to note that both our business and environmental goals could be met with ease. The Prius will be rolled out from February 2009 in Australia and is already underway in New Zealand.

We have only taken small steps to engage our suppliers in discussions about greenhouse gases (GHGs) embedded in our supply chain, but found that they have far to travel. So do we.

We will be increasing our efforts to identify the carbon footprint of all the products and services we source, to assist us to make appropriate choices. Where appropriate, we will also engage high carbon emitting suppliers in discussions about how to improve their performance.

We expect to face significant change in 2009. In the market, in our own operations, and in the community. We have much to do anew, and much of value to maintain.

How to Contact Us

For further information please phone +61 2 8253 0769,
email corporateresponsibility@westpac.com.au, visit www.westpac.com.au or contact:

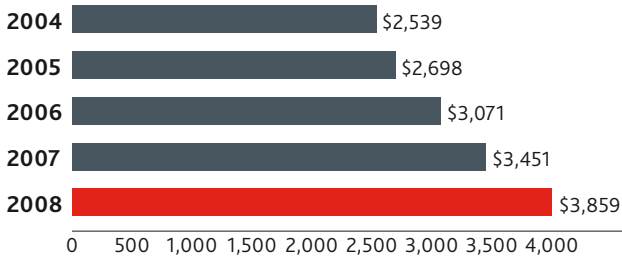
Group Sustainability	<p>Graham Paterson Head of Group Sustainability Email: gpaterson@westpac.com.au</p> <p>Tim Williams Head of Strategy, Group Sustainability Email: twilliams@westpac.com.au</p>	<p>Alison Ewings Advisor, Group Sustainability Email: aewings@westpac.com.au</p> <p>Julia Barnett Advisor, Group Sustainability Email: jbarnett@westpac.com.au</p>
Sustainability regional contacts	<p>Suzie Marsden Head of Corporate Responsibility Westpac New Zealand Email: suzie_marsden@westpac.co.nz</p> <p>Martin Hancock Chief Operating Officer – Europe Email: mhancock@westpac.com.au</p>	<p>Manuela Adl Chief Operating Officer – United States Email: madl@westpac.com.au</p> <p>Anne Templeman-Jones Head of Strategy & Sustainability Pacific Banking Email: atemplemanjones@westpac.com.au</p>
Responsible Investment	<p>Tara McKnight Head of Corporate Responsibility & Sustainability BT Financial Group Email: tara.mcknight@btfinancialgroup.com</p>	
Carbon Markets	<p>Emma Herd Director, Emissions & Environment Email: eherd@westpac.com.au</p>	
Sustainable Supply Chain	<p>Nigel Parmenter Director, Sustainability & Governance Design Email: nparmenter@westpac.com.au</p>	
Customer Advocacy	<p>Anita Wynne Customer Advocate Email: awynne@westpac.com.au</p>	
Financial inclusion and responsible lending	<p>Keryn Myers Head of Responsible Lending Email: kmyers@westpac.com.au</p>	
Community Involvement	<p>Samantha Brown Head of Community Involvement Email: samanthabrown@westpac.com.au</p>	
Media Relations	<p>Jane Counsel Senior Media Relations Manager Email: janecounsel@westpac.com.au</p>	
Investor Relations	<p>Andrew Bowden Head of Investor Relations Email: andrewbowden@westpac.com.au</p>	
Government Relations	<p>Victoria Somlyay Head of Government & Industry Affairs Email: vsomlyay@westpac.com.au</p>	

For further information on our compliance with International Agreements, including the United Nations Global Compact and Declaration on Human Rights, contact **Sally Herman**, General Manager, Corporate Affairs & Sustainability: sherman@westpac.com.au

Financial

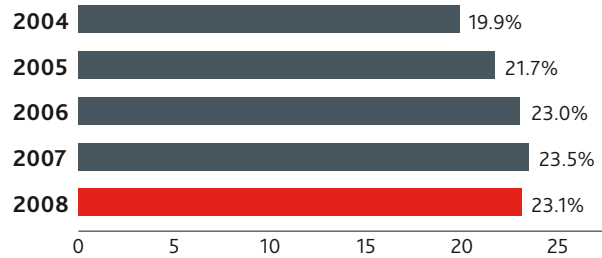
Profit (\$m)

Operating profit after tax attributable to shareholders

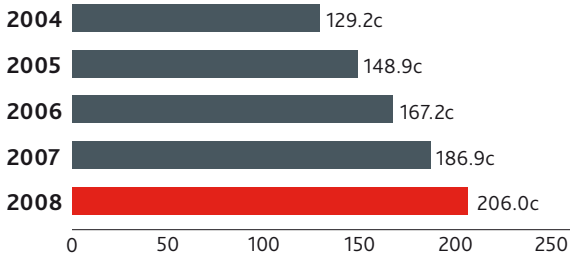


Return (%)

Return on average ordinary equity

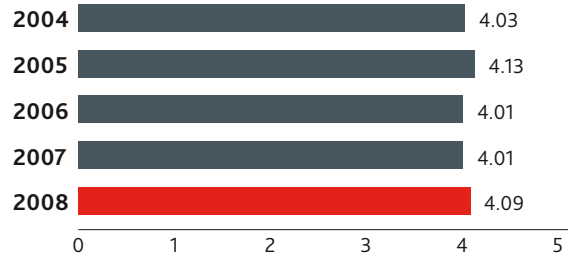


Earnings per share (cents)



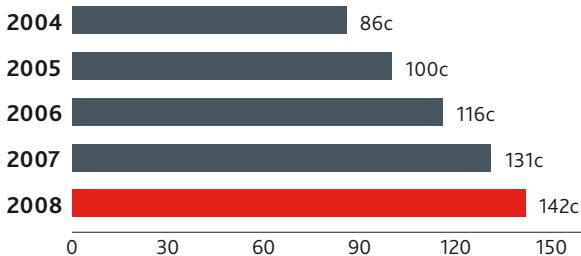
Employee productivity ratio

Ratio of net operating income/salaries and other employee expenses



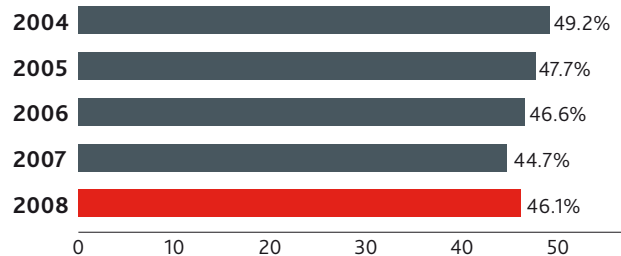
Dividends (cents)

Cents per ordinary share



Efficiency (%)

Operating expenses to operating income ratio



Financial

Market price to net tangible assets

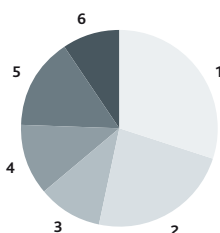
	2008	2007	2006	2005	2004
Share price (\$)	21.48	28.50	22.71	21.10	17.70
Net tangible assets per share (\$)	7.87	6.96	6.12	5.69 ²	5.47
Ratio ¹	2.73	4.09	3.71	3.40	3.24

1 Ratio of share price divided by the net tangible assets per share.

2 Updated to correct previous reporting error.

Operating income by key business unit (\$m)

1 Consumer Financial Services	3,437
2 Business Financial Services	2,660
3 BT Financial Group	1,211
4 New Zealand Group	1,325
5 Westpac Institutional Banking	1,733
6 Other	1,054



Value generation (\$m) Gross value add

	2008	2007	2006	2005 ¹	2004
Net interest income	7,222	6,313	5,642	5,259	4,755
Commissions & services net income	1,939	1,832	1,766	1,853	1,742
Trading operations net income	732	660	525	332	399
Life insurance & fund management net income	868	1,146	980	1,038	869
Other income	659	222	304	231	245
Net operating income	11,420	10,173	9,217	8,713	8,010
Supplier & non-salary input costs	(2,354)	(2,120)	(2,113)	(2,120)	(2,052)
Gross value add	9,066	8,053	7,104	6,593	5,958

1 Figures re-stated due to changes in accounting standards.

Value distribution (\$m)

	2008	2007	2006	2005	2004
Dividends	2,649	2,332	2,822	1,912	2,109
Retained profit	1,283	1,184	303	1,037	470
Taxes	1,287	1,630	1,422	1,223	913
Salaries & bonuses	2,331	2,049	1,847	1,715	1,588
Social change	63	58 ¹	47	44	42
Depreciation & write-offs	1,453	800	663	662	836
Gross value distributed	9,066	8,053	7,104	6,593	5,958

1 Re-stated to reflect the group figure, previously reported as the Australian figure.

Customers

Customers ¹ (m)	2008	2007	2006	2005	2004
Australia	5.5	5.4	5.4	5.3	6.6
New Zealand	1.2	1.1	1.1	1.1	1.3
Pacific	0.2	0.2	0.2	0.2	0.2
Total	6.9	6.7	6.7	6.6	8.2

1 All customers, primary and secondary, with an active relationship (excludes channel only and potential relationships). In New Zealand figures from 2005 have been re-stated to reflect a reconciliation of various customer information systems and active customer definition.

Branch representation	2008	2007	2006	2005	2004
Australia ²	832	821 ¹	817 ¹	813	812
New Zealand	197	197	196	195	196
Pacific	52	48	47	48	57
Total	1,081	1,066	1,063	1,056	1,065

1 Re-stated for the correct reporting period.

2 Does not include advisory centres.

ATM distribution	2008 ¹	2007	2006	2005	2004
Australia	1,704	1,666	1,637	1,653	1,642
New Zealand	508 ²	476	463	466	470
Pacific	73	65	51	42	41
Total	2,285	2,207	2,151	2,161	2,153

1 Includes 722 talking ATMs in Australia and New Zealand.

2 Excludes non-Westpac branded ATMs.

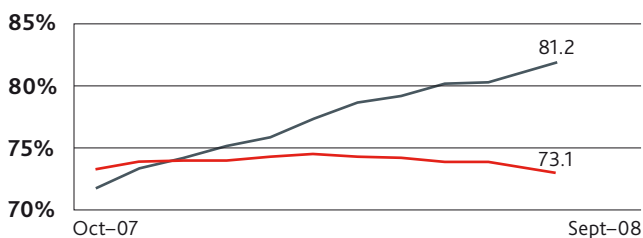
Online banking customers (m)	2008 ²	2007	2006	2005	2004 ¹
Australia	2.8	2.5	2.3	1.9	1.5
New Zealand	0.5	0.4	0.3	0.3	0.2
Total	3.3	2.9	2.6	2.1	1.7

1 Figures revised downwards to reflect active registered customers.

2 In addition there are 18,000 online customers in Pacific Banking.

Customer satisfaction - Australia

Data shows 12 month moving average

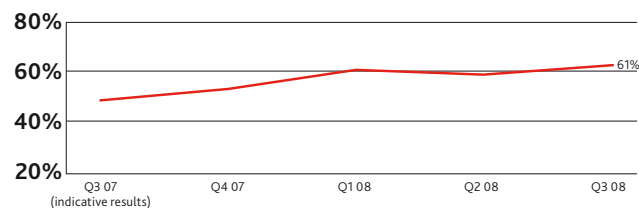


■ Consumer¹ ■ Business²

1 Roy Morgan Customer Satisfaction 12 month moving average

2 TNS Customer Satisfaction 12 month moving average

Consumer customer satisfaction¹ - New Zealand



1 Nielsen Consumer Finance Monitor quarterly spot data. Q3 2007 data is re-stated from last year as based on a new methodology.

Customer satisfaction

- Pacific Banking

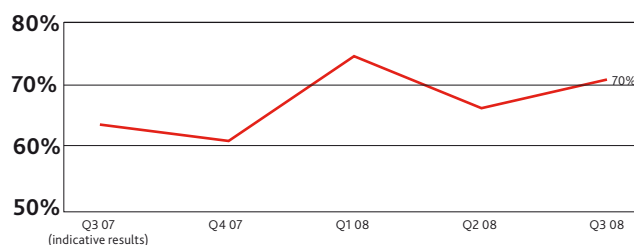
	2008	2008	2007	2007	2006	2005	2004
	relationship managed	mass market	relationship managed	mass market			
Fiji	8.2	8.3	8.0	7.9	8.4	8.5	8.8
Papua New Guinea	7.9	7.2	7.8	n/a	8.2	8.8	7.6
Samoa	8.9	8.3	8.2	8.2	8.1	8.5	7.7
Tonga	7.8	8.4	8.1	8.9	9.1	8.4	7.4
Vanuatu	8.4	7.6	8.2	9.1	8.0	8.8	7.8
Cook Islands	7.4	7.9	7.2	9.0	9.2	n/a	8.2

Customer satisfaction score 1-10.

Data for 2004-2006 Mass Market Customer Service data only.

Customers

Branch satisfaction¹ - New Zealand

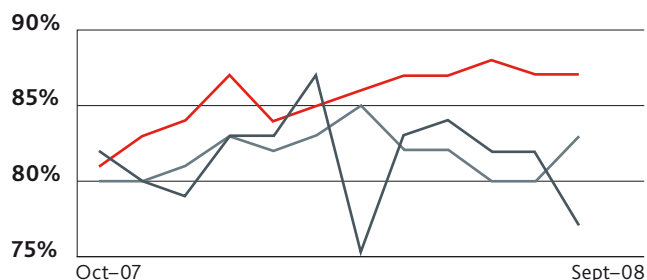


■ Branch Satisfaction

¹ Nielsen Consumer Finance Monitor quarterly spot data. Q3 2007 is re-stated based on new methodology.

Complaints resolution rates - Australia

% complaints resolved within 5 days



■ 2008 ■ 2007 ■ 2006

Complaints types (%)

- Australia

	2008	2007	2006	2005	2004
Product, commercial & business	5	6	9	9	9
Information & advice ¹	7	9	12	13	14
Fees, charges & interest rates	59	54	40	35	27
Process & procedure	19	21	28	30	33
Staff service quality	8	10	12	14	17
Other	2	0	0	0	0

¹ Includes complaints relating to product, information and advice.

Banking Financial Services Ombudsman (BFSO)

dispute resolution (%)

	2008	2007	2006	2005	2004
Australia					
Resolved with customer	96	95	96	93	91
BFSO investigation but resolved with customer	3	3	3	6	8
Required a BFSO recommendation	1	2	1	1	1
New Zealand¹					
No. of Disputes with the Banking Ombudsman	53	55	44	41	69

¹ From 2005 figures have been re-stated for the October to September period. 2004 data remains for July to June period.

Insurance complaints - Australia

General Insurance

	2008	2007	2006	2005	2004
Number of claims	33,190	31,173	28,997	29,942	29,957
Number of complaints	281	240	230	238	168
% of complaints	0.80	0.80	0.79	0.80	0.60

Life & risk insurance

	2008	2007	2006	2005	2004
Number of policies	341,269	345,946	329,023	340,227	336,981
Number of complaints	2,393	1,851	1,659	1,470	1,708
% of complaints	0.70	0.50	0.50	0.40	0.50

Customers

Insurance complaints - New Zealand	2008	2007 ²	2006	2005	2004
Life, disability & loan insurance					
Number of policies	234,868	211,596	150,818	156,149	155,531
Number of claims ¹	2,205	1,579	1,350	1,250	1,263
Complaints to Ombudsman	3	8	2	5	5
% of Ombudsman complaints/claims	0.14	0.51	0.15	0.40	0.40
Home, contents and vehicle insurance					
Number of policies	244,079	232,351	218,190	209,575	186,886
Number of claims	36,309	35,413	33,215	30,448	25,584
Number of complaints to Ombudsman	5	3	3	5	2
% of ombudsman complaints/claims	0.01	0.01	0.01	0.02	0.01

1 Number of claims reported over the period.

2 From 2007 figures for Life, disability and loan insurance includes credit card insurance.

Credit overcommitment

	2008	2007	2006	2005	2004
Proportion of accounts overdue ≥ 90 days (%)					
Australia					
Mortgages	0.29	0.28	0.24 ¹	0.18	0.15
Cards	0.33	0.37	0.32	0.30	0.45

Pacific Banking

Mortgages	2.49
Personal loans	4.28

Proportion of balances overdue ≥ 90 days (%)

New Zealand					
Mortgages	0.47	0.21	0.11	0.08	0.10
Cards	1.25	0.90	0.70	0.75	0.75

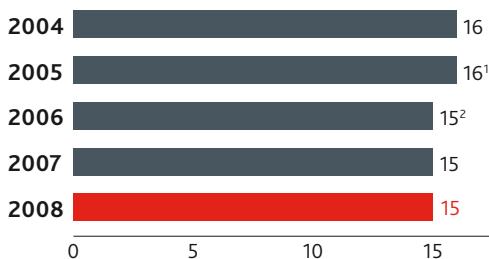
1 Re-stated to correct rounded decimal point.

Application of Equator Principles - Group

	No.	Loan value (Westpac share)	Equator Principles category		
			A	B	C
Transactions closed during the 12 months to Sept 2008	15	A\$1,315m	0	15	0

Low income access (%) - Australia

% of accounts 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 other years.

Customers

Affordability of transactional services² - Australia

Average fees paid as a % of pension

Pension status	Basic account					Deeming statement account				
	2008	2007 ³	2006 ¹	2005	2004	2008	2007	2006	2005	2004
Single	0.0000	0.0008	0.0020	0.0300	0.1000	0.0800	0.0800	0.0800	0.0800	0.0700
Couple	0.0000	0.0005	0.0009	0.0200	0.0600	0.0500	0.0500	0.0500	0.0500	0.0400

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

2 Includes standard account and transaction fees, except foreign ATM fees.

3 In May 2007 Basic was restructured to provide fee free accounts for people in receipt of Government pensions and should be 0.0000 from 2008 onwards.

Business lending profile (% of business lending) - Australia

	2008	2007	2006	2005	2004
Transport	4.8	3.5	3.6	3.8	4.0
Travel & tourism	5.5	5.2	4.7	4.9	5.4
Forestry & agriculture	8.4	8.6	9.4	9.9	10.5
Finance	10.1	9.8	9.9	9.6	9.4
Housing, education, welfare & leisure	5.3	5.2	5.0	5.1	5.0
Construction	5.6	4.7	4.4	4.7	4.8
Retail	15.0	15.2	15.2	16.2	16.0
Wholesale	6.4	6.1	5.7	5.8	5.7
Chemical, minerals & machinery	0.9	0.7	<1	<1	<1
Professional services	2.0	5.5	8.8	8.7	9.2
Real estate	33.9	29.4	26.0	24.5	23.0
Other	2.1	6.1	6.9	6.4	6.4

Customers

Business lending profile (% of business lending) - New Zealand ¹	2008	2007	2006	2005	2004
Agriculture, forestry & fishing	24	22	20	20	20
Manufacturing	8	8	9	9	10
Construction	4	4	4	4	3
Wholesale trade	4	5	6	6	8
Retail trade	6	7	7	6	5
Accommodation, cafes & restaurants	2	2	2	2	2
Transport	3	3	3	3	3
Finance & insurance	3	3	3	5	6
Property & business services	36	36	35	35	35
Health & community services	2	2	2	2	2
Cultural & recreational services	1	1	1	1	1
Personal & other services	4	5	4	4	3
Other	3	2	4	3	2

¹ Excludes institutional banking lending, margin of error is 1%.

Business lending profile (% of business lending) - Pacific Banking	2008
Agriculture	2.50
Mining	33.00
Manufacturing	8.60
Electricity	1.11
Construction	2.21
Wholesale trade	7.72
Retail trade	8.64
Accommodation	11.13
Transport & storage	4.09
Communication services	1.07
Finance & insurance	2.76
Property & business services	14.16
Government admin & defence	0.76
Education	0.50
Health & community services	0.12
Cultural & recreational services	0.78
Personal & other services	0.90
Other/unknown ¹	32.63

¹ High due to system issues in PNG reporting ANZSIC code.

Customers

SME lending ¹	2008	2007	2006	2005	2004
Australia					
SME lending as % of total business lending (%)	11	12	15	16	14
Lending to business with outstandings <\$5m (\$m)	57	61	67	71	72
Pacific Banking					
SME lending as % of total business lending (%)	85	–	–	–	–

¹ Previously titled Business lending with high social benefit.

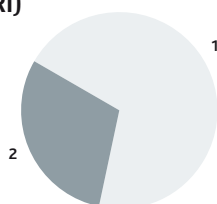
Country profile of institutional banking activities - Group

	2008	2007	2006	2005	2004	2008	2007	2006	2005	2004
Country income classification	% of total customers					% of total exposures				
Low	0.12	0.12	0.23	0.40	0.35	0.00 ¹	0.00 ¹	0.12	0.10	0.20
Low-middle	1.04	0.35	0.35	0.80	0.18	0.71	0.00 ¹	0.00 ¹	0.70	0.10
Middle-upper	1.04	0.81	0.70	0.60	0.18	0.18	0.03	0.19	0.10	0.10
High	97.80	98.73	98.71	98.20	99.30	99.11	99.97	99.69	99.10	99.70

¹ Exposure too small to register.

Socially Responsible Investment (SRI) (\$m) - Australia 2008¹

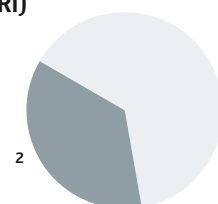
1 Positive/negative screen	359.1
2 Best in class	153.8
Total	512.9



¹ As at 30 Sept 2008.

Socially Responsible Investment (SRI) (\$m) - Australia 2007

1 Positive/negative screen	354
2 Best in class	198
Total	552



BTIM proxy voting pattern on shares held¹

	2008 ¹		2007	
	(#)	(%)	(#)	(%)
Number of resolutions	1,826	100	1,659	100
For	1,735	95.6	1,600	96.4
Against	85	4.7	56	3.4
Abstain	6	6	3	0.2
No Action	0	0	0	0
Number of meetings participated	339		286	

¹ Unverified in 2008.

Employees

Employees by business unit (FTE)¹

	2008	2007 ²	2006
Business Financial Services	3,767	3,447	3,119
Consumer Financial Services	9,132	8,870	8,664
BT Financial Group	2,872	3,173	2,895
Westpac Institutional Bank	1,908	1,674	1,558
New Zealand Banking ³	4,674	4,538	4,952
Business and Technology Solutions and Services	3,871	4,132	4,127
Pacific Banking ³	1,152	1,104	1,075
Head Office Functions & Other	926	1,080	834
Total	28,302	28,018	27,224

1 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.

2 Re-stated from the 2007 report.

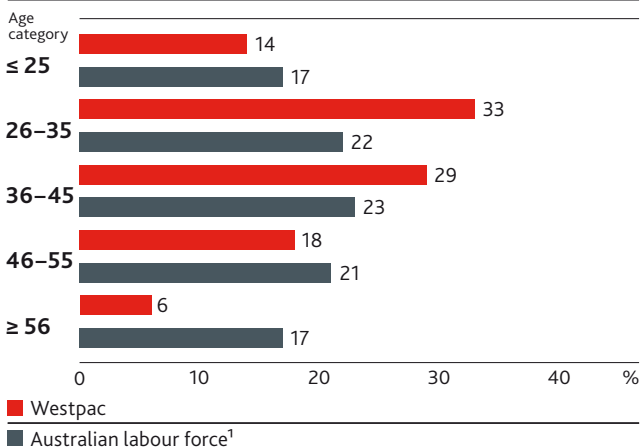
3 Refers to employees in the business unit rather than their geographic location.

Expatriate employees¹

- Pacific Banking	2008	2007	2006
Number	37	32	31
Percentage of total	3	3	3

1 Includes intra-Pacific secondees, Australian employees and excludes local contractors.

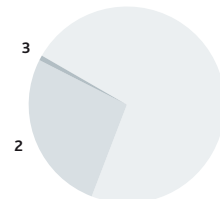
Age profile of workforce compared to Australian labour force (%)



1 Source: ABS 6105. There is a slight discrepancy in the ABS figures for the categories <25 and >55.

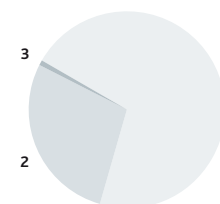
2008 Westpac workforce - Australia

1 Full time	17,155
2 Part time	6,317
3 Temporary	166



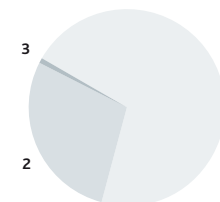
2007 Westpac workforce - Australia

1 Full time	16,102
2 Part time	6,307
3 Temporary	176



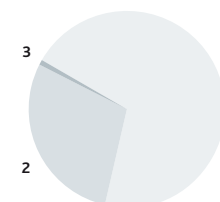
2006 Westpac workforce - Australia

1 Full time	15,694
2 Part time	6,215
3 Temporary	174



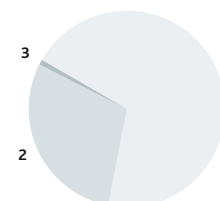
2005 Westpac workforce - Australia

1 Full time	15,400
2 Part time	6,267
3 Temporary	162



2004 Westpac workforce - Australia

1 Full time	15,284
2 Part time	6,435
3 Temporary	176



Employees

Gender profile (%)

	2008		2007		2006	
	Male	Female	Male	Female	Male	Female
Australia	37	63	36	64	36	64
New Zealand	30	70	29	71	-	-
Pacific	41	59	42	58	41	59

Gender and age profiles

		≤ 25	26-35	36-45	46-55	≥ 56
Australia						
Female %	2008	14	33	29	19	5
	2007	13	34	29	19	5
	2006	13	34	29	19	5
	2005	13	35	29	19	4
	2004	14	35	28	19	4
	New Zealand¹					
Female %	2008	20	13	29	25	13
	Pacific²					
Female %	2008	28	29	28	14	1

- 1 Does not include 407 employees who did not indicate their age.
2 Does not include 4 employees who did not indicate their age.

		≤ 25	26-35	36-45	46-55	≥ 56
Australia						
Male %	2008	13	35	30	17	5
	2007	13	34	30	17	5
	2006	13	34	30	17	5
	2005	13	35	30	17	5
	2004	13	36	28	19	4
	New Zealand¹					
Male %	2008	24	14	35	20	7
	Pacific²					
Male %	2008	29	30	27	12	2

Male/female salary ratios - Australia

Category ¹	FTE base salary ² (male:female)	Total comp ³ (male:female) ²
Administrative	51:49	52:48
Supervisor/Team Leader	51:49	52:48
Manager	53:47	55:45
Executive	54:46	55:45

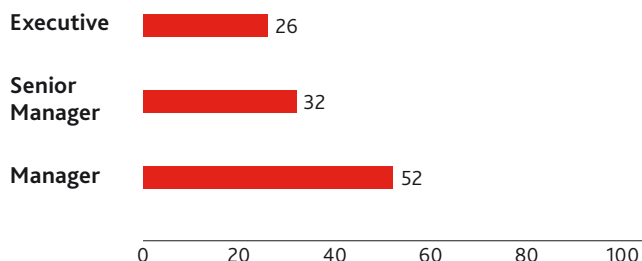
- 1 Categories have changed from previous years to align with other external reporting.
2 Incumbent's full time equivalent base salary excluding superannuation, leave loading and other allowances.
3 Incumbent's FTE base salary and short term bonus for the performance period 2007-08.

Tenure and age profile (%) - Australia

		≤ 25	26-35	36-45	46-55	≥ 56
2008	<1 Yr	38	16	8	4	3
	1 Yr	30	17	9	5	3
	2-3 Yrs	21	18	9	6	5
	4-5 Yrs	9	19	11	15	8
	6-10 Yrs	2	17	13	12	10
	11-15 Yrs	-	9	15	19	16
	16-20 Yrs	-	3	20	19	24
	21 Yrs +	-	-	16	26	31

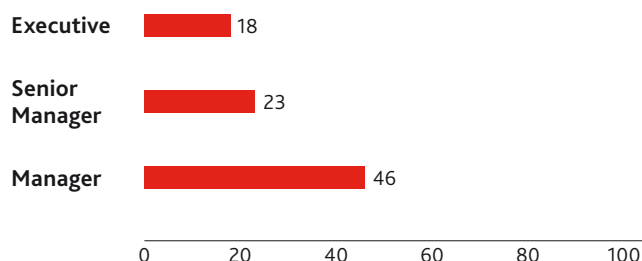
Employees

Women in management¹ (%) - Australia



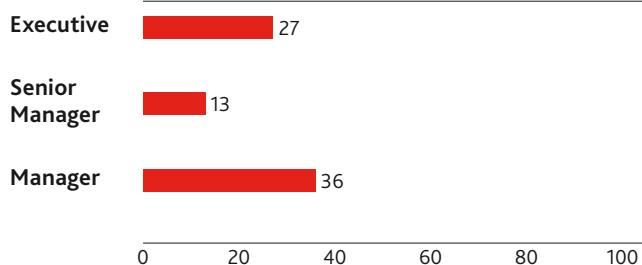
¹ % of total head count in each management band.

Women in management¹ (%) - New Zealand



¹ % of total head count in each management band.

Women in management¹ (%) - Pacific Banking



¹ % of total head count in each management band.

Employees doing overtime

	2008	2007	2006	2005	2004
Australia¹					
% working overtime	50	49	50 ²	32	33
Average overtime worked as a % of standard hours ³	2.4	2.3	2.3	3.0	2.3
New Zealand¹					
% working overtime	0.84	0.76	0.99	0.65	0.68

¹ Please note these figures are calculated differently. Australian figure includes non-packaged employees recording overtime during the year, whereas NZ figure is overtime worked as a percentage of normal base hours for pre-management staff.

² This figure has increased because of the implementation of improved data capturing systems and the commencement of extended hours trading.

³ Figures re-stated applying the methodology correctly.

Tenure and gender profile (%) - Australia

		<1 Yr	1 Yr	2-3 Yrs	4-5 Yrs	6-10 Yrs	11-15 Yrs	16-20 Yrs	21 Yrs +
2008	Female	18	12	13	11	18	12	10	6
	Male	21	15	15	10	15	6	6	12

Employee satisfaction (% favourable) - Group

	2008	2007	2006	2005	2004
Community/Social	90	88	86	87	87
Work Life Balance	67	66	68	64	61
Communication Culture	80	74	72	72	67
Training & Development	66	64	60	68	69
Job Security	77	73	71	72	72
Remuneration and Benefits	41	38	36	36	37
Employee Commitment	74	71	68	69	68
Employee Engagement ¹	78	-	-	-	-

¹ From 2009 employee engagement will replace employee commitment as the lead indicator.

Employees

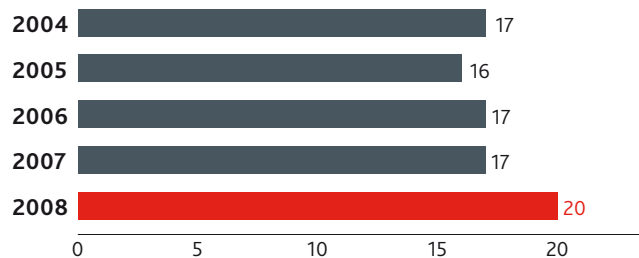
Accumulated annual leave	2008		2007		2006		2005		2004 ²	
	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)
Australia										
< 4 weeks	15,195	65	14,957	65	14,098	64	15,668	70	14,843	67
≥4 & ≤ 8 weeks	6,583	28	6,429	28	6,303	29	5,533	25	6,702	30
> 8 weeks	1,638	7	1,660	7	1,539	7	1,132	5	736	3
Total	23,416	100	23,046	100	21,940	100	22,333	100	21,545¹	100
New Zealand										
< 4 weeks	4,917	88	4,556	87	4,769	85	4,513	86	5,024	90
≥4 & ≤ 8 weeks	648	12	679	13	830	15	744	14	536	10
> 8 weeks ³	8	0	12	0	10	0	3	0	15	0
Total	5,573	100	5,247	100	5,609	100	5,260	100	5,575	100

1 Incorrectly stated as 22,281 in 2004.

2 Includes BT Financial Group for the first time.

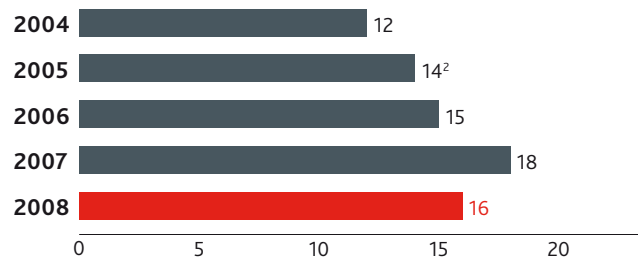
3 % rounded down to 0.

Employee turnover (%) - Australia¹



1 Includes both resignations and involuntary separations such as retrenchments.

Employee turnover (%) - New Zealand¹



1 Includes resignations, redundancies, deaths and terminations.

Employees accessing paid parental leave¹

	2008	2007	2006	2005	2004
Australia	1,369	1,150	1,025	1,049	1,097
New Zealand ²	146	174	164	149	152

1 Australia and New Zealand figures are calculated differently and are not comparable.

2 Figures from 2004–06 have been re-stated to reflect paid leave only.

Employees

Training related to Human Rights - Australia **2008**

Total hours spent ¹	24,352
--------------------------------	---------------

¹ Includes OH&S, Doing the Right Thing and Diversity training.

Employees accessing external tertiary training - Group

	2008	2007	2006	2005	2004
Employees ¹	857 ¹	780	646	765	538
\$ value	1.7	1.4	1.0	1.1	1.7

¹ Number of employees was not verified in 2008.

Utilisation of Westpac child care centres - Australia

	2008	2007	2006	2005	2004
Families	375	360	347	435	302
Children	463	453	412	489	388
Child Care Centres	9	9	8	6	6

Lost time injury frequency rate

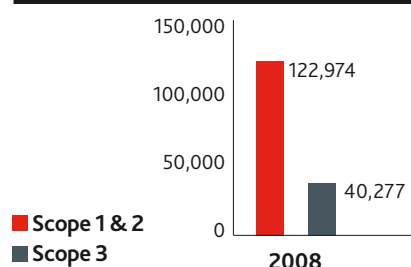
	2008	2007	2006	2005	2004
Australia ¹	3.40	3.84	5.20	5.20	7.07
New Zealand ²	2.16	1.65	2.02	2.11	1.64

¹ Number of lost injury claims per million hours worked calculated using Australian Standard 1885.1.

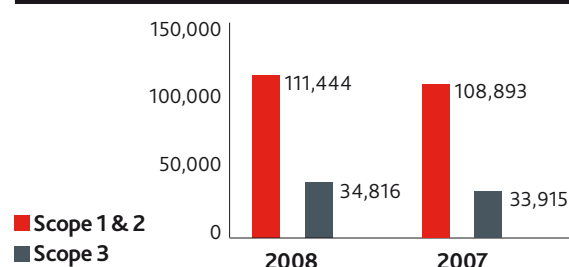
² Calculated as (number of lost time injuries / total hours worked) x 1,000,000 hours.

Environment

Greenhouse gas emissions - Group (tonnes CO₂-e)



Greenhouse gas emissions - Australia (tonnes CO₂-e)



Greenhouse Gas Emissions¹ - Australia (tonnes CO₂-e)

	2008		2007	
	Consumption	Emissions	Consumption	Emissions
Scope 1 emissions				
Car fleet (kL)	1,842	3,393	1,859	3,507
Natural gas (GJ)	8,858	454	6,375	330
Total Scope 1 emissions		3,847		3,837
Scope 2 emissions				
Electricity (MWh)	123,009	112,047	120,418	109,521
Renewable energy (MWh)	5,000	-4,450	5,000	-4,465
Total Scope 2 emissions		107,597		105,056
Scope 3 emissions				
Paper (total tonnes less recycled)	3,049	7,623	2,333	5,833
Transmission line losses – electricity (MWh)	123,009	17,914	120,418	18,323
Transmission line losses – gas (GJ)	8,858	116	6,375	118
Fleet (kL)	1,842	248	1,859	438
Air travel (m km)	66	7,740	67	7,840
Waste to landfill (tonnes)	470	1,175	545	1,363
Total Scope 3 emissions		34,816		33,915

¹ Calculated using the National Greenhouse Accounts (NGA) Factors and GHG Protocol for air miles. Boundaries for consumption data provided in subsequent tables in the factpac. 2007 Data has been re-stated due to a change in the reporting year and extrapolation of electricity data for approx 100 retail sites not previously reported. Data pre-2007 is available in 2007 Stakeholder Impact Report.

Environment

Greenhouse Gas Emissions¹ - New Zealand (tonnes CO₂-e)

	2008	
	Consumption	Emissions
Scope 1 emissions		
Car fleet (kL)	703	1,640
Natural gas (GJ)	1,572	296
Total Scope 1 emissions		1,936
Scope 2 emissions		
Electricity (MWh)	32,231	6,993
Total Scope 2 emissions		6,993
Scope 3 emissions		
Paper (total tonnes)	1,190	1,299
Transmission line losses – electricity	32,231	458
Rental cars (km)	235,190	50
Taxis (NZ\$)	641,151	80
Use of personal vehicle for work purposes (km)	599,758	147
Domestic hotels (visitor nights)	6,753	54
Air travel (m km)	11	2,796
Waste to landfill (tonnes estimated based on head count)	4,208	185
Total Scope 3 emissions		5,069

¹ Calculated using CEMARs methodology. Data pre-2008 is available in the 2007 Stakeholder Impact Report.

Greenhouse Gas Emissions¹ - Pacific Banking (tonnes CO₂-e)

	2008	
	Consumption	Emissions
Scope 1 emissions		
Car fleet (kL)	150	367
Natural gas (GJ)	1,905	116
Total Scope 1 emissions		483
Scope 2 emissions		
Electricity (MWh)	3,426	1,656
Scope 3 emissions		
Paper (total tonnes)	48	120

¹ Calculated using the GHG Protocol and the National Greenhouse Accounts Factors for paper and gas. Data pre-2008 is available in the 2007 Stakeholder Impact Report.

Environment

Greenhouse Gas Emissions¹ - United Kingdom (tonnes CO₂-e)

	2008	
	Consumption	Emissions
Scope 1 emissions		
Natural gas (GJ)	1,040	50
Scope 2 emissions		
Electricity (MWh)	876	412
Scope 3 emissions		
Paper (total tonnes)	3.2	8
Air travel (m km)	2.4	263
Total Scope 3 emissions		271

¹ Calculated using the GHG Protocol and the National Greenhouse Accounts Factors for paper. Reporting period is April 07 – March 08 and is estimations only.

Eco performance ratios

	2008		2007		2006		2005		2004	
	Australia ¹	New Zealand ¹	Australia ¹	New Zealand	Australia	New Zealand	Australia	New Zealand	Australia	New Zealand
CO ₂ /person ²	4.7	2.2	4.8		5.2		5.9		6.2	
CO ₂ /m ²	0.2	0.1	0.2		0.2		0.2		0.2	
CO ₂ car fleet/vehicle ³	4.6	6.1	4.8		6.1		5.1		4.9	
CO ₂ /active customer	0.021	0.012		0.0078		0.0079				
Paper consumption (tonnes/person) ²	0.23	0.21	0.23		0.26		0.25		0.21	
Copying paper (sheets/person) ²	8,700	8,244	8,900	9,492	9,600	8,915	10,100	8,610	9,500	8,755

¹ Reporting period changed from 30 Sept year end to 30 Jun year end and includes Scope 1 & 2 only.

² Based on head count.

³ From 2007, Australian figures refer to Scope 1 fleet emissions only.

Water usage

	2008		2007	
	Total kL	kL/m ²	Total kL	kL/m ²
Australia – non-retail	236,576 ¹	1.1	193,740	1.0
Australia – retail	133,286 ²	0.48		
UK	1,596.83	1.0		

¹ Increased due to the inclusion of extrapolated data for the entire non-retail portfolio.

² Indicative only, based on extrapolations.

Paper usage

	2008	2007	2006	2005	2004
Paper consumption (tonnes)	6,582	6,945	6,653	7,543	6,746
Australia ¹	5,341	5,114	5,500	5,200	4,700
New Zealand	1,190	1,428 ³	1,153	2,343	2,046
Other ²	51	47			
FSC accreditation (%)⁴					
Australia	61	52			

¹ From 2007 reporting period changed from 30 Sept year end to 30 Jun year end and re-stated for 2007 data.

² Includes Pacific and for the first time UK.

³ Includes chequebooks (87 tonnes).

⁴ Paper includes some FSC content.

Environment

Recycling

- Australia	2008	2007 ¹	2006	2005	2004
Paper (tonnes) ⁵	2,292	2,781	2,600	3,000	2,570
Fluorescent light tubes (kg)	391	234 ²	1,890	530	
PCs (number) ³	3,057	4,456	4,000	2,500	
Other (tonnes)	67	78	57	61	
Plastics	21	64	57	61	
Glass	18	12			
Aluminium	2	1			
Steel	1	1			
Co-mingled recycling ⁴	25				

- 1 Reporting period changed from 30 Sept year end to 30 Jun year end and re-stated for 2007.
- 2 Significant decrease due to closure of NSW CBD properties and changes of contractors. NSW only.
- 3 PCs are recycled through WorkVentures (www.workventures.com.au)
- 4 Includes plastics, glass and aluminium at Martin Place and Westpac Place introduced from Oct 2007.
- 5 Includes Martin Place and Westpac Place, selected contact centres and all secure recycling facilities.

Recycling

- New Zealand	2008	2007 ¹	2006	2005
Paper (tonnes)	919 ²	775	845	849
Number of cartridges	5,026	3,985		

- 1 Reporting period changed from 30 Sept year end to 30 Jun year end.
- 2 Number has not been verified in 2008.

Waste - Australia¹

	2008	2007
Total waste (tonnes) ¹	1,189	945
Diverted (tonnes)	720	400
To landfill (tonnes)	470	545

- 1 Reporting period changed from 30 Sept year end to 30 Jun year end. Does not include paper. Data from 60 Martin Place and Westpac Place only.

Business travel by car - Australia

	2008	2007 ¹	2006	2005	2004
Fuel consumption – LPG (kL)	1,205	1,193	1,140	1,500	2,000
Fuel consumption – kL/LPG vehicle	3	3	3	3	3.2
Fuel consumption – petrol (kL)	637	666	670	436	356
Fuel consumption – kL/petrol vehicle	1.9	2.0	2.6	2.4	1.7
Distance travelled (m km)	13.3	13.1	11	12	16

- 1 Reporting period changed for 30 Sept year end to 30 Jun year end and re-stated for 2007.

Business travel by air (m km)

	2008	2007 ¹	2006	2005	2004
Group domestic	54.4				
Australia ³	48	47	42	40	38
New Zealand	6				
United Kingdom ²	0.4				
Group international	25				
Australia	18	20	17	16	17
New Zealand	5				
United Kingdom ²	2				

- 1 Reporting period changed for 30 Sept year end to 30 Jun year end and re-stated for 2007.
- 2 UK data is based on estimates rather than actuals. Reporting period is April 2007 to March 2008. Domestic figure includes flights within Europe.
- 3 Also includes trans Tasman flights.

Environment

Institutional lending requiring environmental screening¹

1st level screening	100
2nd level screening	92

¹ Data reported is at September 2008.

Business lending requiring additional environmental screening¹

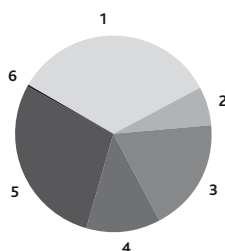
	2008	2007	2006	2005	2004
Total lending (\$bn)	61	52	45	39	37
Screening (\$bn)	0.48	0.32	0.28	0.25	0.23
% of total	0.8	0.6	0.6	0.7	0.6

¹ These figures denote lending that requires additional Environmental Risk Assessment.

Infrastructure & Utilities Financing¹

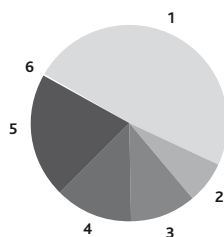
Australian Generation Financing Infrastructure & Utilities Portfolio - Direct and Indirect (%)

1 Hydro	33.9
2 Renewable	6.4
3 Brown coal	18.8
4 Black coal	12.2
5 Gas	28.5
6 Liquid fuel	0.1
Total	\$925m



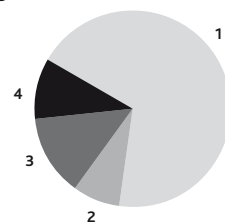
Australia and New Zealand Generation Financing Infrastructure & Utilities Portfolio - Direct and Indirect (%)

1 Hydro	48.6
2 Renewable	7.1
3 Brown coal	10.9
4 Black coal	12.7
5 Gas	20.7
6 Liquid fuel	0.1
Total	\$1,592m



New Zealand Generation Financing Infrastructure & Utilities Portfolio - Direct and Indirect (%)

1 Hydro	69.0
2 Renewable	8.0
3 Black coal	13.3
4 Gas	9.8
Total	\$667m



¹ Data presented as at 30 September 2008. Direct financing refers to structured lending to specific energy generation assets or unstructured lending to an organisation whose operations are focused on only one type of energy generation asset that is registered under NEMMCO, WEM or the NZ Electricity Commission.

Indirect financing refers to organisations where one or more of the following apply:

- Finance is provided centrally, unstructured lending and forms part of the general capital of the company at large

- The company has operations other than electricity generation

- The company operates more than one type of generation asset registered as above.

The level of financing has been adjusted to take into account both the proportional value of the energy generation business of each organisation and the relative proportions of the different types of energy generation within each organisation.

Approximately 25% of the data is direct generation financing and 75% is indirect generation financing and does not include generator financing outside Australia and New Zealand.

Social

Community Contributions (% pre-tax profits) - Australia

	2008	2007	2006	2005	2004
Total excluding commercial sponsorships	1.2	1.2	1.2	1.2	1.1
Total community involvement	1.3	1.4	1.4	1.4	1.3

Community Contributions (A\$) - Australia

Area of involvement	2008		2007		2006		2005		2004	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
Charitable gifts	2.4	4	1.4	3	2.6	6	2.1	5	2.1	6
Community investment ^{2,3}	45.8	81	40.3	78	35.5	76	31.7	72	30.4	66
Eco projects	0.2	1 ⁴	0.6	1	0.4	1	0.3	1	0.3	1
In-kind	1.7	3	2.2	4	0.9	2	1.4	3	1.2	4
Management costs	1.2	2	1.2	2	1.2	3	1.2	3	1.3	4
Commercial sponsorships	5.2	9	6.3	12	6	13	7.2	16	6.3	19
Total	56.5		52		46.6		43.9		41.6	

1 Figures re-stated owing to under reporting within financial inclusion

2 In 2007 \$31 million from foregone revenue for fee-free accounts for non-profit organisations and low income earners

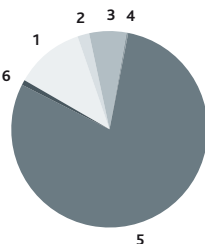
3 In 2008 \$36.4 million from foregone revenue for fee-free accounts for non-profit organisations and low income earners

4 Rounded up from 0.4%

Breakdown of Community Investment (%) - Australia

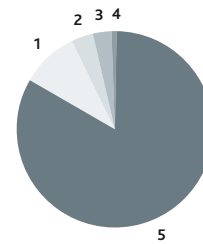
2008

1 Rescue services	11.5
2 Indigenous services	2.0
3 Capacity building	6.2
4 Numeracy and money skills	0.3
5 Financial inclusion	79.5
6 Other community investment	0.6



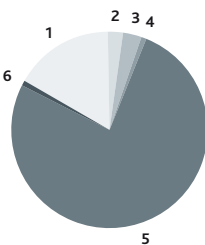
2005

1 Rescue services	9.7
2 Indigenous services	3.6
3 Capacity building	2.9
4 Numeracy and money skills	0.8
5 Financial inclusion	83.0
6 Other community investment	0



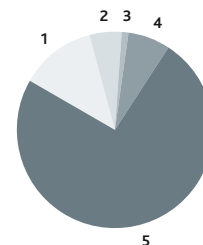
2007

1 Rescue services	16.5
2 Indigenous services	2.6
3 Capacity building	3.1
4 Numeracy and money skills	0.6
5 Financial inclusion	76.6
6 Other community investment	0.6



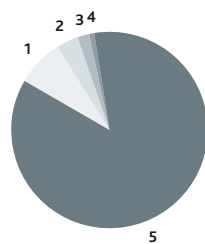
2004

1 Rescue services	12.7
2 Indigenous services	5.2
3 Capacity building	1.1
4 Numeracy and money skills	7.1
5 Financial inclusion	73.9
6 Other community investment	0



2006

1 Rescue services	7.8
2 Indigenous services	3.7
3 Capacity building	2.0
4 Numeracy and money skills	0.8
5 Financial inclusion	85.7
6 Other community investment	0



Social

Community Contributions (% pre-tax profits) - New Zealand	2008	2007	2006	2005	2004
Pre-tax operating profit (NZ\$m)	963	945	962 ¹	917	918
Excluding commercial sponsorships (%)	0.75	0.63	0.56	0.50	0.46
Total community contributions (%)	0.85	0.77	0.66	0.61	0.58

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

Community Contributions

(Area of involvement)

- New Zealand

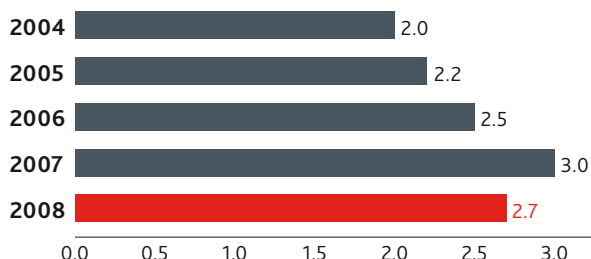
	2008		2007		2006		2005		2004	
	NZ\$	%	NZ\$	%	NZ\$	%	NZ\$	%	NZ\$	%
Community investment	6,050,065	71	4,839,628	66	4,470,127	70	3,706,737	66	3733439	70
Commercial sponsorships	1,026,283	13	1,365,660	19	1,000,465	16	952,035	17	1062200	20
Matched employee contributions	51,493	1	60,564	1	81,110	1	53,216	1	0	
Management costs	740,271	11	793,174	11	683,111	11	710,076	13	492983	9
Other tax-deductible donation payments	120,638	1	123,656	2	47,895	1	54,144	1	32786	1
Employee volunteering	213,225	3	110,993	1	84,434	1	88,340	2	0	
Total	8,201,975	100	7,293,675	100	6,367,142	100	5,564,548	100	5321408	100

Community Contributions (A\$) - Pacific Banking

	2008
Donations	109,493
Sponsorships	198,138
Total	307,631

Suppliers

Total supply chain spend (\$ billion) – Australia



Performance in sustainability (SSCM) assessments by category (%) ¹ – Australia	2008	2007	2006	2005
Westpac benchmark	97	95	95	95
Professional services	52	50	49	50
Training & logistics	69	69	60	41
IT&T	54	54	52	55
Marketing, outsourcing & staff expenses	59	55	49	52
Property services	53	57	53	58

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

Sustainability Action Plans

– Australia	2008	2007	2006	2005
Number completed	16	10	10	0
Number agreed to and in progress	33	29 ¹	12	9
Number pending	4	4	9	25

¹ Includes two relating to the SSCM Code of Conduct pilot

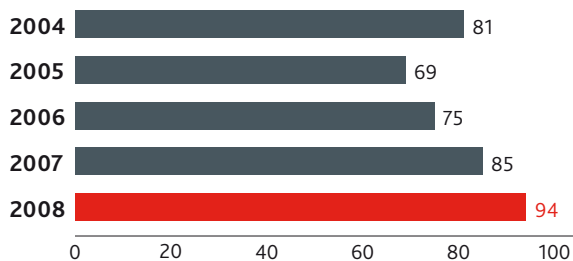
Code of Conduct Compliance¹

– Australia	2008
% of suppliers fully compliant	79
% of suppliers partially compliant	46

¹ Refers to completed SSCM Code of Conduct

Assessment of suppliers against SSCM – Australia

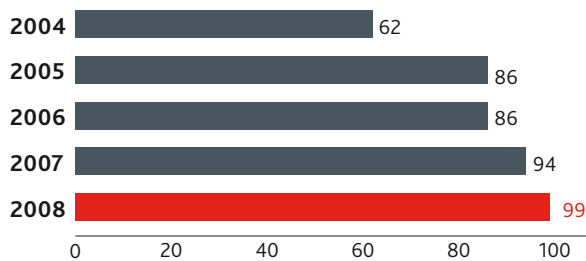
% of top 100 suppliers¹



¹ By number

Assessment of suppliers against SSCM – Australia

% of top 100 by spend²



² By \$ invoiced

Assurance Statement

Independent Assurance Statement

Westpac Stakeholder Impact Report 2008

To Westpac Banking Corporation's stakeholders,

Banarra Sustainability Assurance and Advice (Banarra) was commissioned by Westpac Banking Corporation to assure its Stakeholder Impact Report 2008 and related online performance metrics (The Report) against the AA1000 Assurance Standard (2003). In conformance with the Standard, our approach assures in terms of materiality, completeness and responsiveness – in other words, we assure whether The Report identifies and addresses the most important issues and that the information presented is reliable and meaningful.

In addition, we undertook a validation of The Report against the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3), including the newly published Financial Sector Services Supplement.

This is Banarra's eighth reporting cycle with Westpac.

Summary

We believe that, based on our methodology, The Report represents Westpac's material (most important) sustainability performance areas, issues and responses for 2008 in a way that allows stakeholders to make informed decisions.

In undertaking this assignment, Banarra has identified some significant opportunities for Westpac to enhance both its sustainability reporting and the underpinning processes. These opportunities are identified in this statement and will be presented in more detail in a report to Westpac's management.

Assurance scope and limitations

Our report assurance scope included all sections of The Report, with the exception of the financial figures, the data and claims relating to New Zealand greenhouse gas emissions, paper consumption and recycling and business travel as well as Pacific and UK environmental data. Although Banarra examined a wide range of data and interviewed relevant data owners, we do not guarantee the data or have any liability for errors, omissions or interpretations expressed in this report.

Banarra Assurance Methodology

Banarra developed a register of material performance areas and issues, identified through research based on the AccountAbility five-part materiality test. This included interviews with 21 external stakeholders. Reviews were conducted of internal documentation such as policies, surveys and Board papers and we carried out internet-based research for sector issues, standards and peer sustainability reporting. We also interviewed the Chairman of the Board Sustainability Committee, Peter Wilson. However this year we were unable to interview members of the Westpac Executive Team in Australia or New Zealand nor did we conduct site visits (eg. call

centres and branches). We agreed this narrower methodology in light of the merger with St. George, then underway. This placed limitations on our ability to gain a complete picture of Westpac's overarching strategies and business priorities, and the context for a number of the initiatives reported.

We found 17 issues to be material and these focused our testing of the report. All testing was carried out at Westpac's offices in Sydney, Australia and in Auckland and Wellington, New Zealand. At these sites, we interviewed senior managers and operational staff to investigate claims and assumptions, reviewed data and data generation procedures, and examined internal documentation.

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.

Materiality – has Westpac identified what's important?

All of the material issues that we identified are acknowledged in The Report, with the exception of profits, financial performance and market share, which are addressed in Westpac's Annual Report 2008.

We believe that the approach for deciding the areas material to Westpac Group in terms of its reporting would benefit from a structured input, evaluation and prioritisation of issues from its constituent locations, in particular Australia, New Zealand and Pacific.

Westpac has broadened its range of internal and external stakeholder engagement mechanisms for identifying the material issues which guide the content of The Report. However, we believe that Westpac could benefit from conducting a holistic review of its approach to stakeholder engagement to ensure that it is able to leverage the full value from its many engagement channels. It would also ensure that issues identified through these channels undergo centralised analysis, prioritisation and presentation to the relevant business planning and management processes, including risk management. The review would thus help build greater confidence in Westpac's stakeholder engagement framework.

Completeness - has Westpac understood these issues?

Westpac has articulated an understanding of the majority of the material issues Banarra identified. One significant issue identified in our materiality process, but not adequately addressed in the report, was the impacts on the organisation of recent and significant leadership changes during the reporting period (both in Australia and in New Zealand) and how these impacts were managed from a stakeholder perspective.

The Report's boundary covers all of Westpac's operations in Australia, New Zealand and the Pacific. We congratulate Westpac on including some specific Westpac UK data for the first time and we look forward to its further integration in future reports. However, we believe that there is an opportunity to increase the ownership of The Report content beyond the sustainability team at Westpac, to enhance input into the content, and thus the completeness of the account.

Assurance Statement

We were pleased to note the efforts to enhance data gathering for Pacific Banking's operations, and note Westpac's acknowledgement that this paucity of information has limited the Group's reporting on Pacific operations this year.

From a broader Group perspective, Westpac would benefit from formalising the data collection process and providing guidance to data owners and other staff involved. This formalisation should specifically address consistency in indicator methodologies (eg. definitions and calculation protocols) and reporting formats (eg. rounding of numbers and use of footnotes). For example, in comparing Australia and New Zealand reporting methodologies there is a range of opportunities for greater consistency including employee overtime, paid parental leave, injury rates and community contributions.

Accuracy and completeness of data presented for assurance would also be enhanced by this formalisation. Banarra identified a number of errors in the figures and claims initially presented. Those identified were addressed and are corrected in The Report.

Responsiveness – has Westpac responded to these issues?

The Report contains most of Westpac's responses to material issues. However, in several areas responsiveness could be enhanced, examples of which are noted below.

We are pleased that Westpac has committed to a 30% greenhouse gas emissions reduction by 2013. We believe that this commitment will be strengthened through the provision of a transparent framework describing how Westpac intends to meet its target, including the extent to which it will incorporate renewable energy and offset purchases.

Westpac strategic planning outcomes are expressed in the report as a series of 2009 objectives. Providing more detail on the longer term (three and five year) targets supporting such strategies would provide the reader with a longer term perspective on Westpac's sustainability agenda and business direction.

In last year's assurance statement, Banarra noted Westpac's approach to diversity and recommended that the key driver of performance in this area, its diversity strategy, be refreshed. At the time of this report, the revision has yet to occur. We accept that the timing of this is now critically linked with the St. George merger. However, as diversity was again a material issue for Westpac, the diversity strategy revision should become a priority.

We also believe that Westpac's account of its responsiveness to sustainability-related issues could be more detailed. We would suggest that, in future reports, Westpac focuses less on attempting to report on such a wide range of initiatives and achievements and provide more detail and discussion on how specific programs and outcomes relate to and support their overall sustainability agenda. Discussion of the intent, uptake and result of these activities will provide the reader with a greater sense of context and performance, which in several cases has been impressive yet not emphasised in the report (for example, the positive outcomes and stakeholder responses to several key initiatives touched upon in The Report).

Specific obstacles and dilemmas that have limited or prevented achievement of targets should also be discussed, so that readers gain a fuller appreciation of Westpac's challenges and learnings.

Global Reporting Initiative

We concur with Westpac's own assessment that it has achieved GRI application level A+.

Last year, we noted Westpac's acknowledgment of gaps in its reporting of several core indicators and its commitment to addressing them. This year a number of these gaps remain unaddressed and we strongly encourage Westpac to fully report against all material indicators in 2009.

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 this, 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



Richard Boele

Certified Lead Sustainability Assurance Practitioner IRCA
No. 1188527



Paul Davies

Sustainability Assurance Practitioner



Sustainability Assurance and Advice

Banarra Sustainability Assurance and Advice
Sydney, Australia

2 December 2008

Sustainability ratings and benchmarks



CARBON DISCLOSURE PROJECT



FTSE4Good

Recognised as a leader in the global banking sector from 2002–2009, including sector leadership from 2002–2006 inclusive.

Included in the global leadership index of the Carbon Disclosure Project for the fifth year in a row.

Included in the international ethical index FTSE4Good.



Top-rated (10.0) and in the top one per cent of more than 4,000 companies in 15 consecutive ratings from 2005–2008.

Rated one of the Global 100 Most Sustainable Corporations, World Economic Forum 2006–2008.

We received an EOWA citation in 2008 for the 12th consecutive year.

We support



The CEO Water Mandate



UNEP Finance Initiative
Innovative financing for sustainability