

The background of the cover is a close-up photograph of vibrant green leaves. In the lower right foreground, a white compact fluorescent light (CFL) bulb is shown, its spiral tube clearly visible. The text is overlaid on the left side of the image.

Energy Efficiency Opportunities Report.

1 July 2009 – 30 June 2011.

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Abbreviations

DRET	Department of Resources, Energy and Tourism
EEO	Energy Efficiency Opportunities
GJ	Giga-Joules
The Westpac Group or The Group	The Westpac Group, consisting of Westpac Banking Corporation ABN 33 007 457 141 and its subsidiaries registered in Australia

Declaration

Sustainability is a core component of the Westpac Group's vision 'to be one of the world's great companies helping our customers, communities and people to prosper and grow'. We recognise the links between healthy societies and sustainable businesses. A crucial part of this is managing our direct and indirect environmental impacts - and dealing with the critical issue of climate change.

The Energy Efficiency Opportunities (EEO) program, which Westpac joined in 2009, complements our existing environmental programs.

I am pleased to present the Westpac Group's first annual Energy Efficiency Opportunities Public Report detailing our commitment to energy efficiency and outcomes of EEO program.

The information included in this report has been reviewed and noted by the Board of Directors and is to the best of my knowledge, correct and in accordance with the Energy Efficiency Opportunities Act 2006 and Energy Efficiency Opportunities Regulations 2006.



Gail Kelly
Chief Executive Officer
The Westpac Group

Date: 13 Dec 2011

1. Introduction

The Westpac Group is a financial services company with operations in Australia, New Zealand and the near Pacific and maintains offices in key financial centres around the world. We are Australia's first bank and one of four leading banks in Australia. The Westpac Group provides institutional, business and retail banking, wealth management and insurance to 11.8 million customers in Australia.

Westpac's Climate Change Position

Climate change will have significant economic, social and environmental impacts in the regions in which the Westpac Group operates. This means that our investment, lending and operational decisions must take these impacts into account - but we also expect to drive shareholder value through our response. We were amongst the first Australian companies to take action on climate change; publicly reporting our emissions since 1996; responding to the Carbon Disclosure Project each year since it began; and have a strong history of calling for early action on climate change from government and the broader business community.

In 2008, we launched a five-year climate change strategy building on our existing activities, together with our position statement 'Transitioning to a low carbon economy'. Our work takes a value chain approach, focusing on five key areas:

- (1) Managing our own environmental footprint – this includes reducing energy, water and paper use.
- (2) Employee engagement - Raise awareness of climate change issues and support employees in developing local and personal responses.
- (3) Risk and capacity building - Equipping our people with the knowledge and tools to explicitly incorporate climate change into business decision making and modify our credit, underwriting and related standards to reflect climate risks.
- (4) Products and services - Develop products and services to support positive environmental outcomes and engage with customers to help them reduce their climate impacts.

- (5) Communication and advocacy - More broadly we seek to drive awareness and action in the community and amongst business and policymakers to help in the transition to a low carbon economy. Ultimately all parts of the economy will need to collaborate to effectively address climate change.

Westpac's Environmental Impacts and Programs

As a financial institution, the Westpac Group's direct environmental impacts occur through the occupation, operation and maintenance of buildings, fleet, data centres and ATMs. This includes environmental impacts associated with energy use, water use and waste.

Our major indirect environmental impacts occur through our everyday banking activities which is why we factor environmental considerations into our investment and lending decisions and adhere to the Equator Principles in managing environmental and social risk in project finance. We also deliver products and services to help our customers manage their own environmental footprint. The Westpac Group acknowledges that our suppliers have an environmental (and broader sustainability) impact which is why we have implemented Sustainable Supply Chain Management.

To assist in managing our environmental impacts, the Westpac Group participates in a number of energy efficiency and carbon reduction programs, international agreements and rating programs including:

- Westpac's Emission Reduction Program
- CitySwitch
- Earth Hour
- NSW Energy Savings Action Plan
- Federal Energy Efficiency Opportunities Program
- Federal National Greenhouse and Energy Reporting
- The Equator Principles
- UN Environment Program Finance Initiative
- The Global Reporting Initiative
- Carbon Disclosure Project
- FTSE4Good
- Dow Jones Sustainability Index

More information on our involvement in these programs can be found on the Westpac website and in our Annual Review and Sustainability Report.

Westpac's Sustainability Strategy

The Westpac Group Sustainability Strategy sets out sustainability as part of the way we do business, embedding it into our values, culture and processes. The strategy is published in our Annual Review and Sustainability Report and on our website and includes objectives and targets designed to reduce our direct environmental impacts.

Governance of the Sustainability Strategy starts with the Board Sustainability Committee which has responsibility for reviewing policy, commitments, strategy and performance outcomes. The Chief Executive Officer (CEO) and Executive Team have explicit accountability for sustainability performance, which is reflected in their personal and divisional scorecards. Throughout the business, sustainability is driven by the Sustainability Council which is made up of General Managers who are responsible for influencing strategic direction and monitoring progress to further drive accountability. Beneath this are a number of separate forums, working groups and committees to manage specific material elements of our sustainability activities and drive change from the bottom up. Sustainability requirements are included in Performance Objectives of personnel who directly influence our sustainability performance, from the CEO down to operational staff. All staff are encouraged to become part of the sustainability champions network "Our Tomorrow" and submit ideas to improve our sustainability performance to Westpac's Continuous Improvement Team. Sustainability events are held throughout the year including a Sustainability Expo, workshops and forums. Figure 1 highlights Westpac's energy and carbon governance structure.

The Westpac Group seeks to stay on top of emerging trends and sensitive issues through effective and regular dialogue with stakeholders. Our formal stakeholder engagement framework includes various internal working groups, long standing and regular executive level engagement with core external stakeholders and multilateral and bilateral dialogue around specific issues to

determine environmental, social and financial priorities (see Figure 2).

We are also an active participant in a number of other forums, including: Equator Principles Review Process, the Global Reporting Initiative and the Global Compact.

Westpac's Sustainability Leadership Position

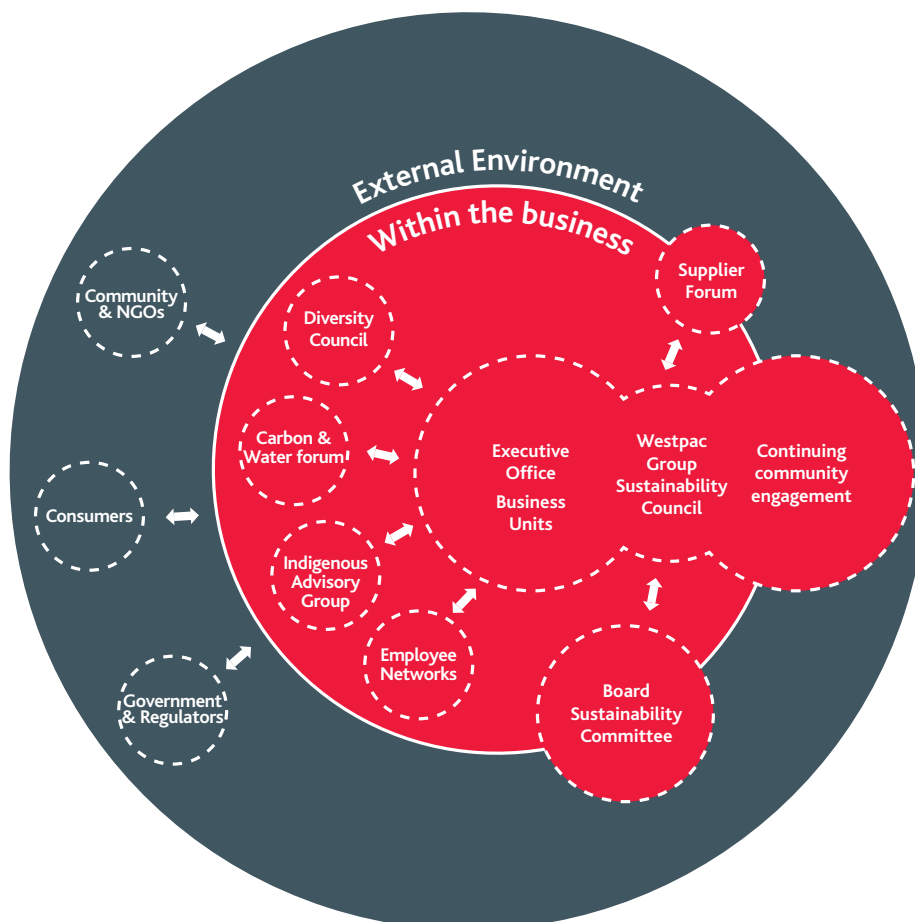
The Westpac Group has been recognised as a leader in sustainability for almost a decade by leading global indices. These include the Dow Jones Sustainability Index, the Carbon Disclosure Project's Leadership and Performance indexes, FTSE4GOOD, Global 100 Most Sustainable Corporations and Ethisphere's Most Sustainable Companies.

We are one of the few banks globally and the only Australian bank to be included in each of these indexes reinforcing the broad nature of our activities and performance. Westpac's sustainability performance is leading whichever dimensions are assessed.

Figure 1 – Westpac’s Energy and Carbon Governance Framework



Figure 2 – Stakeholder Engagement Framework



2. Energy use and assessments

The Westpac Group is committed to reducing carbon emissions and improving the energy efficiency of our operations. We believe that implementing energy efficiency projects makes good business sense and as such, energy and carbon requirements are included in our Environmental Policy and Sustainability Strategy. The Energy Efficiency Opportunities (EEO) program complements Westpac's position and our existing environmental programs.

Energy Efficiency Opportunities Program

The Energy Efficiency Opportunities Act 1996 (EEO Act) is a national law that requires Australia's largest energy using companies to assess their energy use and improve their energy efficiency over a 5 year program cycle. Participating corporations must conduct energy assessments, identify, evaluate and publicly report on cost effective energy savings opportunities.

The Westpac Group is in its first 5 year program cycle and must assess 80% of the Group's total energy use. Assessments take a whole of business approach and must include:

- Senior management leadership, commitment and support
- Allocation of adequate resources and accountabilities
- Adequate energy and cost data with an accuracy of $\pm 5\%$, data analysis, trending, monitoring and reporting
- A range of people with direct and indirect influence on energy use involved in the assessment process
- An understanding of the relationship between business decisions and activities and energy use
- A whole of business evaluation of energy efficiency opportunities to enable decision makers to make good business decisions

- Communication within the business and to external stakeholders

Since the Group joined the EEO program, a number of changes have been made to our corporate structure - St. George became a division of Westpac Banking Corporation and a number of subsidiaries were sold.

Westpac's Energy Performance

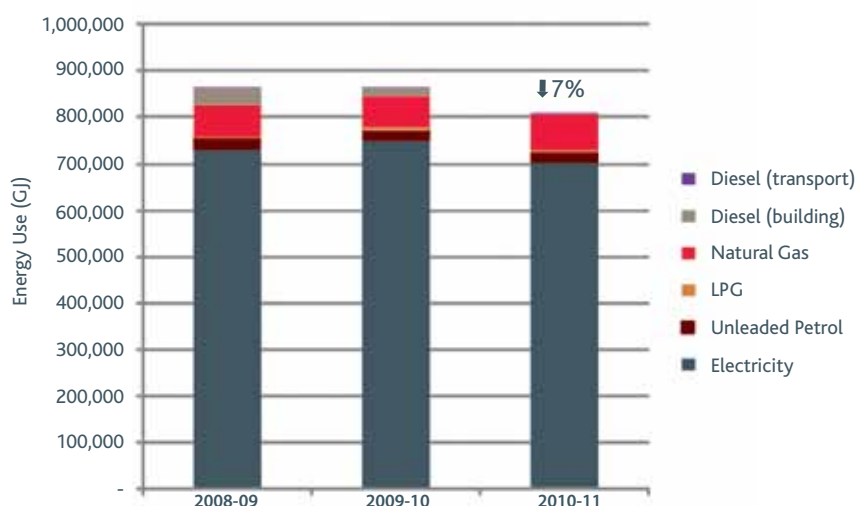
From 1 July 2010 to 30 June 2011, the Westpac Group used 803,424 GJ of energy which is 7% below our 2008-09 energy use as shown in Figure 3. This reduction is mainly a result of the sale of subsidiaries and energy efficiency improvements in our fleet and properties.

The majority of energy consumed by the Group is electricity (87%) which is used in the operation and maintenance of our properties, technology and services for staff and the provision of financial services for customers. Vehicle fuel (unleaded petrol, LPG and diesel) is the second largest energy source at 10%. Natural gas, used for heating and cooking, and diesel which is used in backup generators and heating make up the remaining 3% of Westpac's total energy use.

For more information on the Westpac Group's full environmental performance data (energy, water, waste, carbon emissions) see our Annual Review and Sustainability Report and Environmental Factpac which is available on our website: www.westpac.com.au.

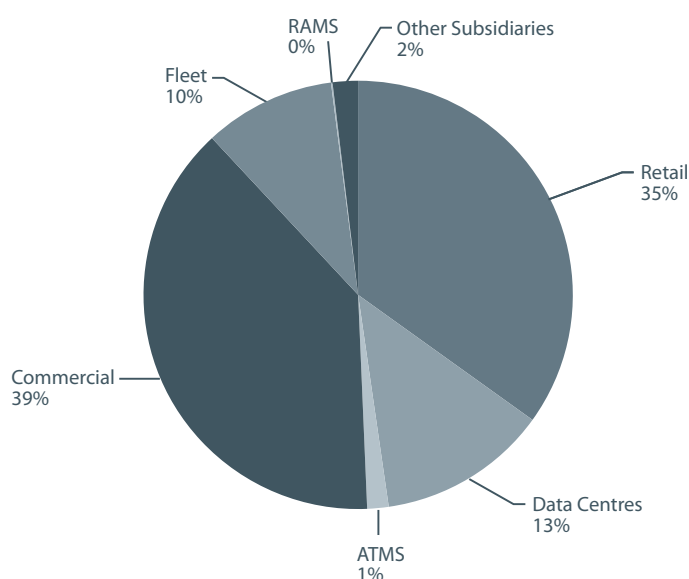
Commercial offices are the largest user of energy followed closely by Westpac's retail network, as shown in Figure 4. To meet the 80% energy assessment requirement, Westpac will

Figure 3 – Westpac's Energy Use



assess commercial offices, our retail network, data centres and the RAMS head office which combined, represent 87% of Westpac's total energy use from 1 July 2010 to 30 June 2011. Full details of how and when we will carry out assessments is contained in our Assessment and Reporting Schedule.

Figure 4 – Westpac's energy split by Activity from 1 July 2010 to 30 June 2011.



Westpac's Energy Assessments

Comprehensive energy assessments are conducted for the whole facility and include analysis on how and where energy is used and identification of cost effective energy efficiency opportunities. A range of people are involved in the assessment process, including consultants, service providers, internal subject matter experts, branch managers, our 'Sustainability Champions' and other personnel who influence energy use. Outcomes of the assessment and business decisions are provided to management, operational staff and our 'Sustainability Champions'.

Westpac's energy use, costs, carbon emissions and energy efficiency is reported quarterly to key stakeholders within the business, at Executive Team meetings and at each Board Sustainability Committee meeting.

In the last twelve months, we have completed eight (8) energy assessments as noted in Table 1. The assessed sites contributed 175,450 GJ of energy, 22% of the Westpac Group's total energy use. Accuracy of energy data in Table 1 is within $\pm 5\%$.

Table 1 – Energy Assessment Summary

Facility assessed	Assessment Period	Energy use for 1 July 2010 – 30 June 2011 (GJ)
Westpac Data Centres		
Data Centre A	June 11	52,994
Westpac Business Banking		
1 Chifley Square, Sydney	May 11 to June 11	846
Westpac Branches		
22-26 Auburn Rd, Auburn	August 11	680
Westpac Corporate		
1 King St, Concord West	July 10 to Feb 11	15,628
182 George St, Sydney	April 11 to June 11	30,363
33-35 Pitt St, Sydney	April 11 to June 11	15,231
4-16 Montgomery St, Kogarah	Feb 11 to March 11	58,760
RAMS Financial Group		
RAMS Head Office, York St, Sydney	May 11 to June 11	948
Total energy assessed since 2009		175,450 GJ
Total energy use of the Group in the current reporting year		803,424 GJ
Total energy assessed as a percentage of total energy use		21.8%

3. Energy efficiency opportunities

All energy efficiency opportunities are evaluated by managers with appropriate expertise. The evaluation includes consideration of other business benefits such as staff comfort, productivity and occupational health and safety. All opportunities and business decisions are recorded and tracked. Opportunities identified as “not to be implemented” are reviewed from time to time as energy prices, business priorities and change in the economic climate occur.

The eight (8) energy assessments completed between 1 July 2009 to 30 June 2011 identified a total of 141 energy saving opportunities with potential savings of 42,807 GJ (see Table 2). Of the identified opportunities:

- 35 have been implemented saving 10,365 GJ of energy per annum;
- 12 are currently being implemented;
- 7 are scheduled to be implemented;
- 70 require further information before a decision is made; and
- 17 opportunities will not be implemented as they do not meet EEO and/or Westpac’s business requirements.

The largest proportion of identified savings have a simple payback of less than 2 years (47%), followed by opportunities with a simple payback of more than 4 years (34%).

Table 2 – Opportunities assessed to an accuracy of $\leq \pm 30\%$

Status of opportunities identified		Total Number of opps	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – ≤ 4 years		> 4 years		
			No of Opp	GJ	No of Opp	GJ	No of Opp	GJ	
Business Response	Under Investigation	70	20	6,805	11	1,965	39	8,379	17,149
	To be Implemented	7	2	2	3	1,607	2	27	1,636
	Implementation Commenced	12	8	4,743	2	867	2	324	5,934
	Implemented	35	20	7,968	3	1,222	12	1,175	10,365
	Not to be Implemented	17	2	593	3	2,517	12	4,613	7,723
Total Identified		141	52	20,111	22	8,178	67	14,518	42,807
Total Energy Use of Assessed Sites									175,450

4. Case studies

These case studies are examples of energy efficiency projects undertaken by the Westpac Group over the last three years as part of Westpac's energy and carbon reduction program, including the EEO program.

Retail Lighting Upgrade



Westpac trialled a lighting energy efficiency program for 10 branches in 2010. The program targeted branches with high energy intensity (kWh/m²) and consisted of an energy and lighting assessment, identification and implementation of energy efficiency lighting solutions, and monitoring and verification.

On average, the participating sites achieved a 21% reduction in energy consumption, saving Westpac \$50,000 in annual electricity and maintenance costs, resulting in a simple payback of less than 3 years. Energy saving initiatives included an upgrade to energy efficient lighting, removal of excess lighting while maintaining the Australian Standard for

interior lighting, occupancy sensors in staff rooms and reprogramming of external signage to operate between dusk and 11pm.

As a result of the savings achieved, the program has been extended to a further 125 branches in 2011.

Fleet

Westpac's vehicle fleet energy use has decreased by 27% over the last 3 years as a result of:



- The introduction of hybrid vehicles which now make up 24% of our total fleet;
- Phasing out LPG vehicles;
- A shift from 6 cylinder to 4 cylinder engines;
- Restrictions of fuel types purchased on company fuel cards and encouraging staff to purchase E10 fuel;
- Monitoring fuel economy monthly with a focus on driver efficiency & luggage; and
- Driver education programs.

Westpac also introduced three electric cars in mid-2011.

Commercial Office Heating Ventilation and Air Conditioning (HVAC) Recommissioning

An energy assessment completed for 182 George St, Sydney as part of the EEO program identified significant baseload energy use. Further investigation found that the air conditioning plant for the office was operating 24 hours a day when it should only be operating during work hours.

As a result, the air conditioning plant was re-commissioned, halving the baseload of the tenancy from 350 kW to 175 kW, see Figures 5 (before recommissioning) and 6 (after recommissioning).

Figure 5 - 182 George St – Tenancy Electricity Use Before Air Conditioning Plant Recommissioning

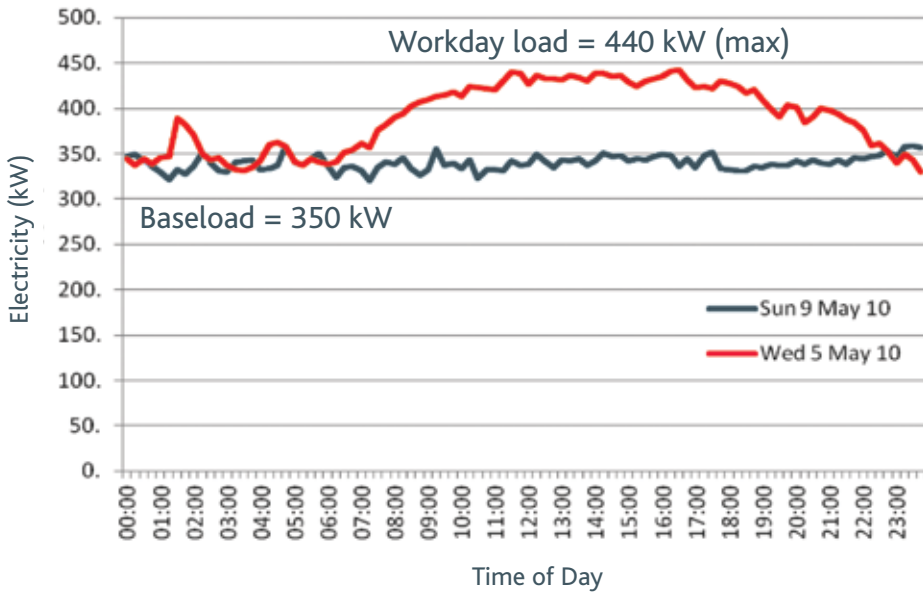


Figure 6 - 182 George St – Tenancy Electricity Use After Air Conditioning Plant Recommissioning

