

Westpac Banking Corporation
Greenhouse Gas Reporting and Carbon Neutral
Guidelines

9 September 2019

INTRODUCTION

1.1 PURPOSE

This document outlines the Westpac Banking Corporation (Westpac's) approach to greenhouse gas (GHG) emission, energy consumption and energy production calculations and reporting for Westpac's Australian operations for the purposes of reporting under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) and reporting its carbon neutral claim under the *National Carbon Offset Standard for Organisations* (NCOS). It covers:

- Calculation of Australian Scope 1, 2 and 3 GHG emissions including standards, boundaries, and inclusions/exclusions applied in reporting.
- GHG emissions offsetting approach, including calculation, purchase and retirement.

1.2 LEGISLATIVE FRAMEWORK

Reporting under the NGER Act is mandatory for corporations who meet certain reporting thresholds for GHG emissions, energy production or energy consumption. For the 2018/19 reporting period, Westpac is responsible for reporting GHG emissions for the full year period 1 July 2018 – 30 June 2019 and maintains carbon neutral certification under the NCOS.

1.3 REPORTING PERIOD

Westpac reports all environmental data annually for the period of 1 July to 30 June. All other environmental reporting undertaken by Westpac, including reporting in relation to its carbon neutral claim, uses this reporting period.

Note that this reporting period differs from Westpac's financial year, which runs from 1 October – 30 September annually.

2 REPORTING BOUNDARY

2.1 GROUP STRUCTURE

Westpac Banking Corporation is the controlling corporation for Westpac for the purposes of reporting under the NGER Act. The Westpac Boundary and Organisational Structure (Figure 1) for Westpac's carbon neutral claim is the same as that applied for reporting under the NGER Act.

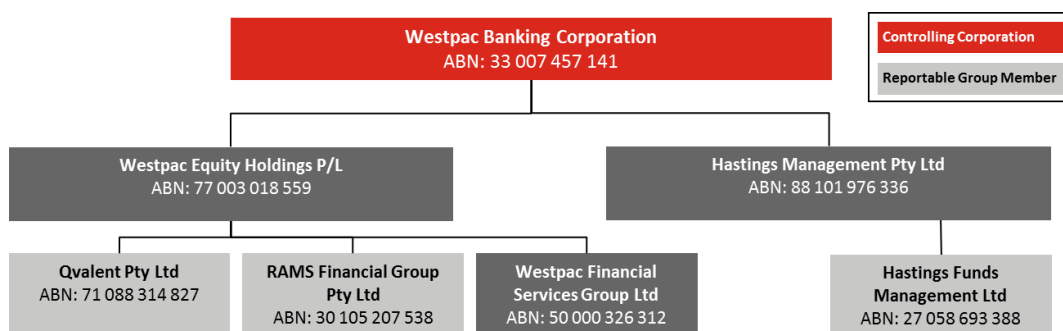


Figure 1: Corporate Structure for NGER reporting purposes.

This represents the Group Structure for NGER and Carbon Neutral reporting purposes ONLY

A full assessment of the Westpac corporate structure was undertaken in 2008 in the first year of reporting under the NGER Act, and is reviewed annually. A review of the Westpac reporting structure was undertaken in August 2019 to update changes to the group structure and assess these changes against the requirements of the NGER Act and related legislation, including reviewing all changes to the Westpac Group structure.

Westpac Banking Corporation, which is classified under the Depository financial intermediation industry (ANZSIC 622), is the controlling corporation for NGER Act reporting purposes. The majority of Westpac facilities are operated directly by Westpac Banking Corporation and are part of a single industry sector and are therefore reported under the controlling corporation for the purpose of NGER reporting.

However, there are a small number of subsidiaries of Westpac Banking Corporation that are individually reported as Reportable Group Members for the purpose of NGER Act reporting. These subsidiaries are Group Members which are assessed to have operational control of a facility.

2.2 BOUNDARIES AND NGER THRESHOLD

NGER and Carbon Neutral Reporting Boundary

Westpac’s reporting under the NGER Act and certification under the NCOS is for a defined inventory of GHG emissions resulting from the activities of our Australian-based business. Westpac uses an operational control approach to determine facility and reporting boundaries, consistent with the requirements of the NGER Act. Scope 1 and Scope 2 GHG emissions are calculated and reported in line with the requirements of the NGER Act using the methodologies set out within the *National Greenhouse and Energy Reporting Measurement Determination 2008* applicable for the 2018/19 reporting period (the NGER (Measurement) Determination). Scope 3 GHG emissions are reported consistent with the principles outlined in the NCOS.

Our carbon neutral boundary includes the direct operational footprint of all Westpac businesses and brands within our operational control within Australia. Table 1 illustrates energy and greenhouse gas (GHG) emission sources included in the boundary of Westpac’s Inventory.

Table 1: Westpac GHG emission and Carbon Account Boundary 2018/19

Scope 1	Scope 2	Scope 3
Diesel - Stationary LPG – Stationary Natural Gas - Stationary Diesel – Transport Petrol – Transport Refrigerants	Electricity	Electricity – Transmission & distribution losses Natural Gas – Transmission & distribution losses Stationary fuels (Diesel) – Extraction Losses Stationary fuels (LPG) – Extraction Losses Vehicle Fleet (Diesel) - Extraction Losses Vehicle Fleet (Petrol) - Extraction Losses Paper Consumption Paper Disposal Waste Disposal Base Building Employee Travel - Air, Taxi, Hotel Stay, Hire Vehicles Couriers Water Consumption

Facilities

An assessment of facility boundaries against the requirements of the NGER Act and related legislation was conducted prior to the 2008/09 reporting period. This has been reviewed on an annual basis, and in August 2019 was reviewed for the 2018/19 reporting year.

A review of facility level energy and GHG emissions was conducted for large facilities to determine whether facility level reporting thresholds were triggered. No facilities were identified which met the facility level energy or GHG emission reporting thresholds.

Westpac has a large number of very small facilities (e.g. branches and ATMs) and thus reports all facilities under the operational control of Westpac Banking Corporation as aggregated facilities. For other Reportable Group Members, individual facilities are reported.

NGER Reporting Thresholds

The level of GHG emissions and energy consumption for Westpac at the corporate and facility level for the 2018/19 reporting period has been assessed against the NGER Act thresholds. The assessment indicates that Westpac has triggered the corporate level GHG emissions and energy consumption thresholds.

At a corporate group level, Westpac's Scope 1 and Scope 2 GHG emissions were 114,001 tonnes CO₂-e and energy consumption was 554,103 GJ for the 2018/19 reporting period. Westpac has triggered the corporate level GHG emission threshold for this period and is therefore required to report all Scope 1 and 2 GHG emissions and energy consumption for facilities under its operational control.

3 DATA COLLECTION & CALCULATION METHODOLOGY

3.1 INCLUSIONS

Scope 1
<i>Westpac has applied Method 1 for CO₂, CH₄ and N₂O for all Scope 1 GHG emissions from the direct consumption of solid, liquid and gaseous fuels. Energy content and GHG emission factors for these GHG emission sources are sourced from Schedule 1 of the NGER (Measurement) Determination.</i> <i>Method 2 was applied to estimate GHG emissions of hydrofluorocarbons, using the calculation methodology as listed in section 4.103 of the NGER (Measurement) Determination.</i>
Natural Gas For natural gas activity data is based on invoice records provided by suppliers. Where actual invoice data is not available, Westpac has estimated activity data based on the most recent 12 months of actual data available.
Stationary Fuels Stationary fuels are used for a range of applications, including use in stationary equipment like start-up fuel for boilers and generators. Data for stationary fuels is based on actual as delivered invoice data.
Transport Fuels Fuel used for transportation purposes must be reported separately from that used for stationary purposes. Data for transport fuels is based on monthly supplier reports from Westpac Fleet providers and includes 'Tool of Trade' vehicles. Fuel consumption is allocated to state based Aggregate Facilities based on the vehicle registration state.
Refrigerants Refrigerants are calculated based on the total refrigerant stock which is based on the rated capacity of the equipment type and the number of days in which the unit is under Westpac operational control, as per the NGER Measurement Determination 4.102. HCFC refrigerants are not reportable as part of the NGER, but are included as part of the carbon neutral claim under the NCOS.

Scope 2
<p><i>Scope 2 GHG emissions for Westpac are those in relation to purchased electricity. Emission factors for scope 2 GHG emissions sourced from the NGER (Measurement) Determination 2008 Part 6 of Schedule 1 for the applicable state.</i></p>
<p>Electricity Electricity activity data is based on invoice records provided by electricity suppliers. Where actual invoice data is not available, Westpac has estimated activity data based on the most recent 12 months of actual data available.</p> <p>For electricity consumed by standalone, off-site ATMs, Westpac has a large number of machines for which invoice data is not available, as electricity costs are frequently included in leasing arrangements. Electricity consumption has therefore been estimated for these ATMs based on average consumption by machine type and brand across the Westpac ATM fleet for which actual data is available.</p>
Scope 3
<p>Energy Extraction, Transmission and Distribution Losses Westpac uses a variety of energy sources in conducting its operations that results in direct GHG emissions. There are further GHG emissions released upstream associated with the extraction, processing and transport of liquid fossil fuels and natural gas and the losses of electricity that occur through transmission and distribution from site of generation to the final consumption point. Emission factors these GHG emission sources are sourced from the National Greenhouse Accounts issued during the reporting period (NGA Factors).</p>
<p>Base Building Base building GHG emissions are reported for all Australian commercial offices, including subsidiaries. Base building consumption data is manually apportioned based on the net lettable area (NLA) occupied by Westpac/total NLA of site. For annual reporting where the landlord does not provide the data requested, the total base building GHG emissions are estimated based upon either the NABERS rating of the site or the average base building GHG emissions per square metre of the sites where actual invoice data was processed. Emission factors are sourced from NGA Factors.</p>
<p>Air Travel Air Travel data is sourced from Westpac's Air Travel Management provider in distance travelled (mileage). GHG emissions are calculated taking into account the class of travel and total mileage, using GHG emission factors included within the <i>Government emission conversion factors for greenhouse gas company reporting</i> issued by the UK Department of Environment, Food & Rural Affairs for the reporting period issued during the reporting period (DEFRA emission factors). Radiative forcing is excluded.</p>
<p>Hire Vehicles Hire vehicles include Westpac Preferred Supplier and non-preferred spend with GHG emissions using this spend information calculated using the DEFRA emission factors.</p>
<p>Taxi Data is sourced from Westpac's supplier payment analysis tool in dollars spent, and the total kilometres are estimated utilising State based flag fall and per KM fees of major taxi providers with GHG emissions using this activity data calculated using the DEFRA emission factors.</p>
<p>Hotel Accommodation Data is sourced from Westpac Air Travel Management provider in total night's stay per booking. GHG emissions are calculated taking into account the country of the airport city booking and applying DEFRA emission factors for hotel stays using factors for available countries. The provision of conversion factors is limited by the availability of data in different parts of the world. Therefore, for those countries not included in the DEFRA emission factors, an average kg CO₂-e per room night has been applied.</p>
<p>Paper Consumption Paper consumption includes office and copy paper, other paper items (e.g. statements) and paper product purchased through Westpac's Suppliers which is not certified as carbon neutral. GHG emission factors are sourced from <i>EPA Victoria's greenhouse gas inventory management plan: 2012-13 update</i> (Victoria EPA factors). Total tonnage of carbon neutral office and copy paper and other paper product purchased through Westpac's Suppliers is also captured.</p>
<p>Paper Waste GHG emissions from paper waste are a result of paper sent to customers or used for external purposes which are assumed to be sent to landfill. Data is sourced from the Westpac Supplier which supplies paper products which are primarily used externally. The GHG emission factor for paper and cardboard from NGA Factors is applied.</p>
<p>Waste to Landfill GHG emissions from waste sent to landfill are only calculated for Westpac commercial offices, data centres and the retail network, and excludes ATMs. For commercial facilities and data centres invoice data provided by the waste contractor or building manager is used where available. For sites where invoice data is not available, waste to landfill is estimated based on averages from properties in the same portfolio for which actual data is available. For Retail sites, waste data is based on representative waste audits and extrapolated across the retail branch network using FTE figures. The emission factor for Commercial and Industrial waste from NGA Factors is applied.</p>
<p>Couriers</p>

GHG emissions from couriers are calculated using a supplier carbon inventory tool that uses an approach where emissions are allocated to products according to expenditure, composition and disposal practices.

3.2 EXCLUSIONS

The following emission sources are not included within the inventory boundary due to data limitations or materiality considerations. The impact of excluding these sources is not expected to materially affect Westpac's total GHG emissions.

- Refrigerants from Retail Sites;
- Base building GHG emissions from Retail Sites and ATMs;
- Employee travel – public transport, employee owned vehicles;
- Employee commuting.

Scope 3 impacts from 'financed GHG emissions' are also not included within the inventory boundary due to the lack of availability of a calculation methodology.