

Proudly Supporting Australia

2016 Westpac Group
Sustainability
Performance Report



Westpac employee
Kate Holloway and
her son Carter.

For almost 200 years, Westpac has been a constant thread as our nation and economy has developed.

While we have adapted and evolved over time, one enduring principle has always guided us: we can only do well if our customers and communities do well.

This principle is at the heart of our approach to operating sustainably. By responding to issues that may threaten – or enhance – future prosperity, we know we can contribute to a more sustainable future for the people who bank with us, work with us, invest in us or are part of our broader communities.

This annual Sustainability Performance Report for the year ending 30 September 2016 forms part of Westpac Group's 2016 reporting suite. It supplements the integrated performance summary provided in the 2016 Annual Review & Sustainability Report with expanded commentary and metrics related to our sustainable business practices, providing supporting information towards Recommendation 7.4 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition). Westpac Group's full financial statements can be found in the 2016 Annual Report.

This report aligns with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (Comprehensive) and the AA1000 AccountAbility Principles Standard, and has been independently assured by Ernst & Young (EY).

COVER IMAGE

KATE HOLLOWAY,
WESTPAC EMPLOYEE
AND HER SON.

KATE WAS PART OF THE
TEAM THAT INTRODUCED
A CHANGE IN WESTPAC
GROUP'S HOME LENDING
PROCEDURES WHICH
IS NOW BENEFITING
HUNDREDS OF WORKING
FAMILIES.

READ KATE'S
STORY ON PAGE 37



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Sustainability Leadership

For our business to prosper over the long term, so too must the communities in which we operate. Over almost two centuries, this view has motivated us to take a leadership role in tackling emerging issues that we believe will affect the future prosperity of our stakeholders, where we have the skills and experience to make a positive difference.

Chairman and CEO's message



Lindsay Maxsted
Chairman

For almost 200 years, Westpac has grown with the nation. As our communities have faced challenges – economic, environmental, demographic, cultural and political – we at Westpac have constantly adapted to ensure we have continued to respond effectively to customers and support economic development.



Brian Hartzler
Chief Executive Officer

While our business has evolved substantially over two centuries, one enduring principle has underpinned our actions: our success is tied to the prosperity of our customers and communities.

This principle is at the heart of our approach to sustainable business practices.

For us, being sustainable is about looking ahead to the next decades and facing up to the issues that will challenge the prosperity of our customers or disrupt our existing business models, while embracing the opportunities.

This isn't always easy. Making decisions that challenge the status quo to drive a step-change, all the while acknowledging you don't have all the answers, often takes leaders out of their comfort zones.

Over the decades and, indeed, over the past year, we have experienced first-hand what happens when we do not meet community expectations.

However, the progress we have made towards tackling challenges and creating lasting positive impact makes us proud.

It has also contributed to Westpac being named the most sustainable bank globally in the Dow Jones Sustainability Indices Review again this year, marking the ninth time we have topped this global annual index.

During the past year, we invested in the people, businesses and community organisations that are helping to shape our nation. Our \$100 million Westpac Bicentennial Foundation is on track to award its 200th scholarship and will add 100 scholars to the scholars' network every year, forever. We also launched the Westpac Businesses of Tomorrow program to identify 200 promising businesses that we will help to develop and grow.

The grants awarded by Westpac Foundation helped create more than 2,900 employment opportunities for Australians experiencing disadvantage, and the number of microbusinesses set up or expanded with support from Westpac's microfinance partner, Many Rivers, exceeded 1,000.

We also took important steps toward supporting the shift to a more sustainable economic model and a cleaner energy future that is less dependent on fossil fuels.

Over the past five years, we have increased the proportion of renewable energy financing in our total electricity generation portfolio from 45% to 59%, and our lending to the CleanTech and environmental services sector reached \$6.2 billion. We also brought to market a \$500 million Westpac Climate Bond and an Energy Efficiency Finance Program for business customers.

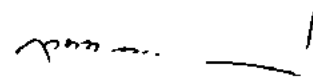
“Banks exist to support economic development and we have a responsibility to play a positive role in the communities in which we operate.”

We played an ongoing role in helping address the lack of affordable housing, with our lending to the social and affordable housing sector growing to \$1.05 billion and we made substantial progress on our Reconciliation Action Plan commitments to support economic development opportunities for Indigenous Australians.

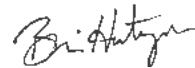
During the year, we participated in a number of global forums and activities which recognise greater collaboration between businesses, social enterprises and governments is needed to tackle the greatest economic and social challenges. This included our public commitment to support the achievement of the United Nations Sustainable Development Goals.

We trust you will find valuable content in this report in which we have provided an update on our progress against our Sustainability Strategy, details on how we are responding to the most important challenges and opportunities, and results across a number of performance indicators.

2017 marks the final year of our current five-year Sustainability Strategy. We look forward to introducing the next phase of our Sustainability Strategy, which will ensure we are directing our efforts towards the most pressing emerging issues as we enter our third century of business.



Lindsay Maxsted
Chairman



Brian Hartzler
Chief Executive Officer

Introducing our Stakeholder Advisory Council

Regular engagement with stakeholders is a key element of Westpac's sustainability approach. Through ongoing dialogue, we seek constructive insights from our stakeholders to deepen our understanding of what is expected of us and to communicate how we are responding to priorities and concerns.

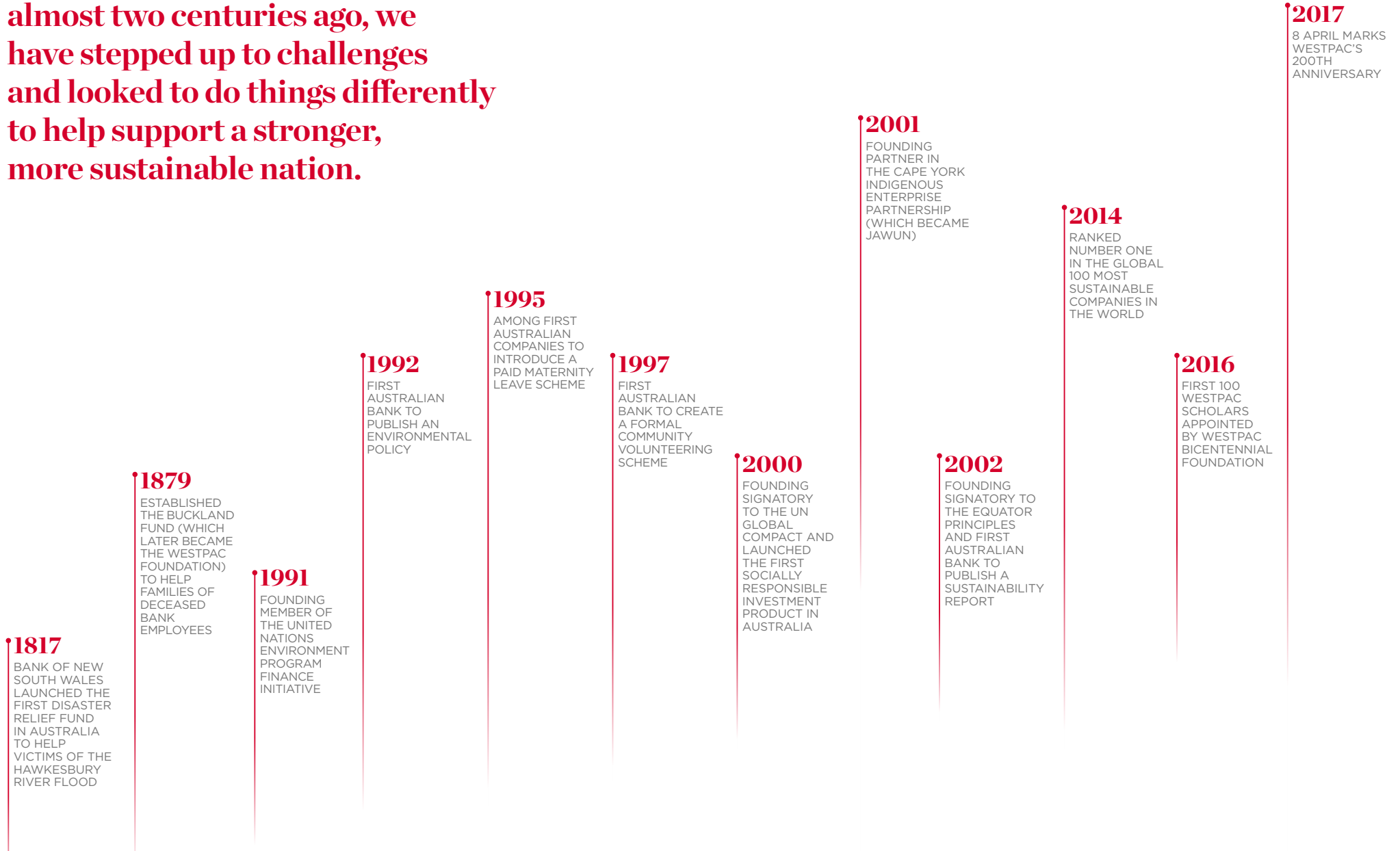
In 2016, we re-established Westpac's Stakeholder Advisory Council. We will seek feedback from the Council on our most important issues and opportunities, and constructive insights into the evolution of our Sustainability Strategy and our ongoing sustainability performance – intrinsically linked to our business strategy and operations.

The Council is made up of eight members and one observer, and is Co-Chaired by Westpac CEO Brian Hartzler, and The Ethics Centre Executive Director Simon Longstaff. The inaugural meeting of members was held in October 2016. In future, the Council will meet three times a year. Current external Stakeholder Advisory Council members are:

- **Simon Longstaff,**
Stakeholder Advisory Council Co-Chair,
Executive Director, The Ethics Centre
- **Michael Anderson,**
Chairman, Uniting Financial Services
- **David Borger,**
Director, Sydney Business Chamber,
Western Sydney
- **Nick Main,**
Chair, Westpac NZ External
Stakeholder Panel
- **James Moody,**
Founding CEO, Sendle
- **Sam Mostyn,**
Commissioner, Business and Sustainable
Development Commission
- **Tim Nelson,**
Head of Economics, Policy and
Sustainability, AGL
- **Robynne Quiggin,**
Deputy Aboriginal and Torres Strait
Islander Social Justice Commissioner,
Australian Human Rights Commission
- **Catherine Yeomans,**
CEO, Mission Australia

Sustainability milestones

From our first year in business almost two centuries ago, we have stepped up to challenges and looked to do things differently to help support a stronger, more sustainable nation.



Creating sustainable value



Helping our customers, community and people to prosper and grow

- Products and services
- Financial education

Customer Value

- Home ownership
- Achievement of financial goals
- Individual, family and business prosperity
- Risk management
- Financial confidence

We have a banking relationship with around **50%** of Australian businesses

We have helped **1 in 5** first home buyers enter the Australian property market



- Employment and career pathways
- Training and development

Employee Value

- Financial security
- Wellbeing
- Professional development

We made payments of **\$4.6bn** to almost 40,000 employees in remuneration and superannuation

Our employees accessed **264,000** hours worth of learning



- Philanthropy
- Mentoring and capacity building
- Grant funding and scholarships
- Positive impact finance
- Partnership and innovation

Community Value

- Support in times of need
- Community resilience
- Inclusion in the banking system
- Financial wellbeing
- Growth of small business and social enterprise

We have made **\$1bn** in community contributions since 2010

In the past 2 years, we have provided financial assistance packages to **80,764** customers



- Sourcing
- Collaborating through innovation
- Capacity-building for diverse suppliers

Supplier Value

- Sustainable and inclusive business growth

We spent **\$4.9bn** on suppliers in Australia, New Zealand and the Pacific

We spent **\$1.6m** on Indigenous Australian suppliers



- Dividends
- Long term capital growth

Investor Value

- Long term wealth creation
- Income

100% total shareholder return over the past 10 years

\$6.3bn in dividends will be distributed to shareholders in 2016



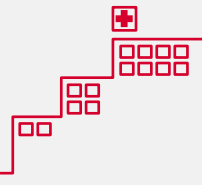
- Taxes
- Balance sheet strength
- Foreign capital

Economic Value

- Financial system stability
- Economic wellbeing and resilience
- Funding of public infrastructure and services
- Training and employment
- Supporting innovation and productivity

\$3.3bn income tax expense

We are investing **\$10m** to find 200 Westpac Businesses of Tomorrow





Our progress

2016 marked the fourth year of our five-year Sustainability Strategy, which is helping to guide our progress. As we reached major milestones, and our operating environment evolves, we have adjusted our approach to ensure we are focusing on the areas where we can have the greatest impact.

Sustainability strategy progress

In 2013, we set a five-year Sustainability Strategy with ten measurable objectives across three broad priority areas.

Highlights of how we are tracking against these objectives are contained in the following pages.

Since setting out this plan, the issues have matured and actions we've taken have moved closer to becoming part of our standard business practices. In some cases, where we have already achieved our targets ahead of schedule, we have replaced or added new objectives to ensure we are responding effectively to the issues most important to our stakeholders and our business.

As we approach the final year of this strategy, we have commenced working with stakeholders to identify and explore the emerging issues that we will aim to tackle in the next iteration of our Sustainability Strategy, post 2017.



Embracing societal change

Helping improve the way
people work and live,
as our society changes

- Ensure our workforce is representative of the community
- Extend length and quality of working lives
- Anticipate the future needs of ageing and culturally diverse customers



Environmental solutions

Helping find solutions
to environmental
challenges

- Provide products and services to help customers adapt to environmental challenges
- Increase lending and investment in CleanTech and environmental services
- Reduce our environmental footprint



Better financial futures

Helping customers to have
a better relationship with
money, for a better life

- Ensure all customers have access to the right advice to achieve a secure retirement
- Help customers meet their financial goals in retirement
- Increase access to financial services in the Pacific
- Help people gain access to social and affordable housing



Embracing societal change

We have introduced initiatives aimed at embracing societal changes affecting the way people live and work. These include the challenges and opportunities created by the ageing of our population, increasing cultural diversity, and people's changing expectations as new technologies alter most aspects of daily life.

Progress towards 2017 targets

- Exceeded
- Met
- On Track
- Challenging

2016 progress highlights

Supporting gender equity

- Proportion of leadership roles held by women moved closer to our 2017 target of 50%, increasing to 48%, up from 46% last year.
- Introduced additional targets for our Board (30% women by end 2018) and General Managers (40% women by end 2017).

Major Indigenous Australian recruitment milestone

- Proportion of employees who identify as Indigenous Australian increased to more than 4%, which is greater than the proportion in the broader Australian population.

- Reflects Reconciliation Action Plan initiatives, including tailored programs to recruit an additional 500 Indigenous Australians over the three years to 2017 and programs aimed at growing potential.

Inclusive leadership

- 500 senior leaders participated in a new Inclusive Leadership training program.
- Introduced Inclusive Leadership Index to track progress on employees' perceptions of how inclusive they feel their workplace is.
- Piloted an anonymous recruitment initiative to tackle unconscious bias by removing applicants' names, schools and other cultural indicators prior to applications being shortlisted for recruitment.

Increasing our cultural diversity

- Employee survey showed cultural diversity across the Group has increased since 2014, with more employees indicating they have a background other than Anglo-Celtic.
- Partnered with Australian Human Rights Commission to launch a first of its kind cultural diversity blueprint, designed to provide guidance for leaders so they can better support Australia's multicultural society and our global economy.

Increasing flexible working arrangements

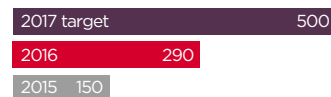
- Percentage of employees working flexibly increased from 63% in 2014 to 74% in 2016, with 71% of males and 77% of females indicating they use flexible working options.
- Grew the number of employees accessing new Carers@Work program to support employees balancing working and caring responsibilities.

2016 Scorecard

OBJECTIVE:
Ensuring our workforce is representative of the community



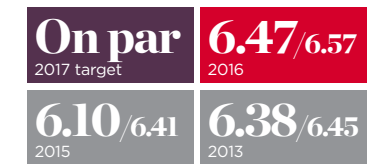
Women in leadership
(%)



Indigenous Australians recruited²
(cumulative)



Participation of mature age workers
(%)



Financial wellbeing of 40+ women³
(biennial index score out of 11 compared with total Australian retail banking population)

1. Data derived from an employee survey based on the number of individuals who self-identified as having 'Aboriginal, Indigenous Australian or Torres Strait Islander' cultural heritage.

2. 2015-17 cumulative target, introduced to align with 2015-17 Reconciliation Action Plan.
3. Biennial survey conducted out of cycle in 2016.



Embracing societal change



Top bank and Gold Tier Employer in 2015 Australian Workplace Equality Index

Employer of Choice for Gender Equality by the Workplace Gender Equality Agency

'Inclusive Workplace' of 2015 at Australian Human Resources Institute Awards

Winner New Zealand White Camelia Awards for 'Leadership for Gender Equity' and 'Education, training & professional development opportunities for women'

Winner Deloitte Top 200 Diversity Award in New Zealand

2016 progress highlights cont'd



Fezzeh, Elena and Yirgalem successfully completed internships at Westpac through the CareerSeekers program

Opportunities for asylum seekers and refugees

- Westpac partnered with newly established social venture, CareerSeekers which helps facilitate paid internships for refugees and asylum seekers who are students or mid-career professionals. Three participants successfully completed internships at Westpac.

New parental lending procedure

- Made it standard operating procedure to recognise a customer's paid parental leave and return to work income in their borrowing capacity for home lending.
- More than 500 families have benefited from applying the new procedure.

Simplifying product disclosures

- Piloted a new way of helping culturally diverse customers to understand products and services through a Product Disclosure Statement that uses more diagrams and images.

Creating change through our supply chain

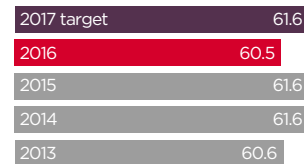
- Introduced a Supplier Inclusion and Diversity policy which aims to proactively increase the number of businesses in Westpac's supply chain that have traditionally been underrepresented in our community. This includes businesses owned by Indigenous Australians and women, Australian Disability Enterprises, social enterprises and B Corporations.

New employee wellbeing measures

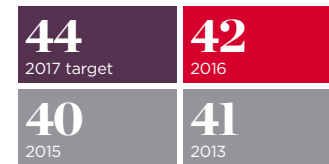
- New Enterprise Agreement became effective, introducing measures including one day of lifestyle and wellbeing leave per year, up to 12 weeks of unpaid or purchased flexible lifestyle leave per year, and ten days' paid leave per year to support employees experiencing domestic and family abuse. This is in addition to other forms of leave.

2016 Scorecard cont'd

OBJECTIVE:
Extend length and quality of working lives

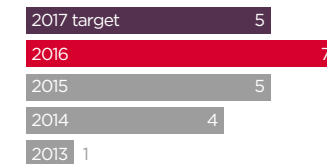


Employee mean retirement age¹
(years)



Wellbeing average WorkAbility Index²
(biennial index score out of 49)

OBJECTIVE:
Anticipate the future needs of ageing and culturally diverse customers



Initiatives introduced that support the financial wellbeing of ageing and culturally diverse customers
(cumulative number)

Progress towards 2017 targets

Exceeded

Met

On Track

Challenging

1. Revised 2017 target to reflect emphasis on participation of employees across all age groups. Biennial survey conducted out of cycle in 2016.
2. Biennial survey conducted out of cycle in 2016.



Environmental Solutions

We have introduced solutions to help tackle environmental challenges, both by reducing the direct environmental impact of our operations, and collaborating with others – including customers and suppliers – to help minimise our indirect footprint. Our actions recognise the importance of limiting global warming to less than two degrees Celsius above pre-industrial levels.

Progress towards 2017 targets

- + Exceeded
- ✓ Met
- On Track
- Challenging

2016 progress highlights

Issued \$500 million Climate Bond

- Raised \$500 million through Westpac Climate Bond issue. Funds will be allocated to seven wind energy facilities and five low carbon commercial properties, all certified under the Climate Bonds Standard (v1). The commercial properties must have an emissions performance in the top 15% of properties in their city.

Supported growth of CleanTech and environmental services sector

- Total committed exposure to the CleanTech and environmental services sector reached \$6.2 billion, up from \$6.1 billion last year.

Supporting transition to a clean energy future

- Increased the proportion of renewable energy financing from 45% to 59% in our total electricity generation portfolio, since 2011.

New Energy Efficiency Financing Program for business customers

- Introduced a new Energy Efficiency Financing Program, supported by energy efficiency specialists Verdia, to provide business customers with an end to end solution to identify, finance and install equipment (such as solar panels and energy efficient lighting) to improve the energy efficiency of their business.

- Customers benefit from a discounted interest rate to finance certain energy efficient equipment, supported by a financing arrangement with the Clean Energy Finance Corporation.

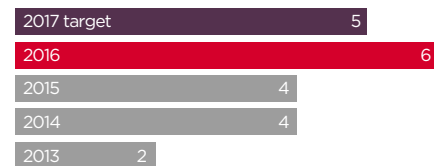
Preparing for a two degree economy

- Undertook scenario analysis to understand the longer term impacts, including both risks and opportunities for Westpac, of limiting global warming to less than two degrees Celsius, meaning the Australian economy reaches net zero emissions by 2050. Read more in [Value chain risk](#).



2016 Scorecard

OBJECTIVE:
Provide products and services to help customers adapt to environmental challenges



Unique services launched to help customers adapt to environmental challenges (cumulative number)

OBJECTIVE:
Increase lending and investment in CleanTech and environmental services



Make up to \$6 billion available for lending and investment in CleanTech and environmental services (\$bn)

1. From 2015, a higher threshold was used for green buildings, in line with property industry trends, accounting for the majority of the change from the previous year.



Environmental Solutions



Included in CDP's Climate A list, reflecting Westpac's achievement of the highest possible CDP score for its response to climate change

Global banking industry best score for climate strategy, environmental reporting and environmental business risk and opportunities in 2016 Dow Jones Sustainability Index

2016 progress highlights cont'd

Package of initiatives in New Zealand

- Westpac New Zealand announced a package of initiatives to support the transition to a low carbon economy, including a new green business lending target, energy efficient lease product, introduction of electric vehicles to the fleet and the setting of a carbon emissions reduction target.

Improved environmental footprint

- Achieved 73% recycling rates in Westpac's Sydney head offices, bringing us closer to our 2017 target of 75%.
- Achieved 9.5% reduction in total greenhouse gas emissions in commercial and retail sites.
- In New Zealand, achieved lowest CO₂-e emissions since records started in 2008, having reduced emissions by 43% over this time.

First ever Six Star Green Star rated bank branch

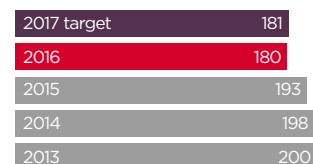
- Received Six Star Green Star rating for the St.George branch at Barangaroo - the first Green Star rating for an Australian bank branch and highest ever rating for a retail outlet, reflecting leading eco-efficiency practices.
- Received Six Star Green Star performance rating for Westpac Place, Sydney.

Advocating greater resilience to natural disasters

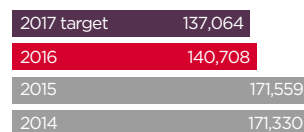
- Released two new reports through our membership of the Australian Business Roundtable for Disaster Resilience & Safer Communities.
- The reports included the first economic analysis of the social impact of natural disasters.

2016 Scorecard cont'd

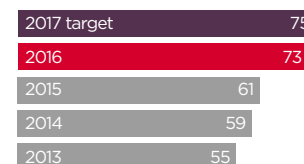
OBJECTIVE:
Reduce our environmental footprint



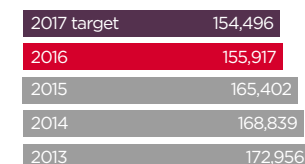
Electricity efficiency in commercial and retail sites^{1,2} (kWh/m²)



Water consumption in Sydney head offices (kL)



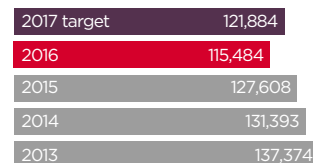
Recycling rates in Sydney head offices (% of waste)



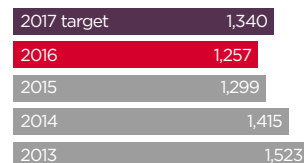
Electricity usage in commercial and retail sites¹ (MWh)

Progress towards 2017 targets

- Exceeded
- Met
- On Track
- Challenging



Total greenhouse gas emissions in commercial and retail sites^{1,3} (tonnes CO₂-e)



Office paper (tonnes)



Power usage effectiveness (PUE)

Remained carbon neutral

2016



Establish and maintain carbon neutrality

1. Electricity efficiency, electricity usage and GHG targets include all Australian and New Zealand commercial and retail properties only. Excludes ATMs, stand-alone data centres and fleet.

2. Rebased in 2015 to align boundary and methodology used in New Zealand to be consistent with Australia.
3. Relates to scope 1 and 2 emissions.



Better financial futures

We have introduced initiatives to help people have a better relationship with money, for a better life. This includes helping people to become more financially resilient throughout their lives, stretching their post-work income streams further, and finding ways to break down barriers to make banking more accessible.

Progress towards 2017 targets

- + Exceeded
- ✓ Met
- On Track
- Challenging

2016 progress highlights

New tool for customers to manage their wealth

- Introduced Wealth Review, an online tool designed for BT Financial Group (BTFG) super fund members to help them gain a better understanding of their current financial situation and what they need to do to achieve their financial goals.

Helping people engage more with superannuation

- Developed a wellbeing program to help super fund members become more engaged with their superannuation.
- The new approach draws together aspects of wellbeing, including financial, health, family, community, workplace and values.

1,000 businesses backed with microfinance

- More than 1,000 businesses have now been established with the support of Westpac's microfinance partner Many Rivers.
- Announced a further \$2.25 million in funding, over three years, to Many Rivers to support more aspiring business owners across Australia who are not able to access mainstream bank finance.

Improved banking access in the Pacific Islands

- Launched the first advanced mobile banking platform in Fiji.
- Undertook a three month tour of the Papua New Guinea Highlands to visit some of the country's most remote unbanked populations, conduct financial literacy training, and open savings accounts and new local in-store banking operations.

- Opened an additional 82,000 new banking accounts during the year, including around 64,000 basic bank accounts.

New Financial Inclusion Action Plan

- Joined the new Financial Inclusion Action Plan program developed by Good Shepherd Microfinance and partners EY, Centre for Social Impact and the Australian Government.
- Committed to release Westpac's Financial Inclusion Action Plan in November 2016 to improve financial resilience and access to finance for people experiencing financial hardship.

New tools to help New Zealanders manage money

- Launched CashNav, an app which helps customers manage spending by automatically categorising banking transactions into needs and wants and notifying customers of how their spending is tracking.

Expanding financial education in New Zealand

- Increased the network of facilitators who deliver our Managing Your Money financial education program by 31% to 245.
- Extended the geographical reach of our intensive Money Skills education program.

2016 Scorecard

OBJECTIVE: Increasing access to financial services in the Pacific

2017 target	300,000
2016	296,931
2015	292,374
2014	225,260
2013	147,392



Net basic banking account customers in the Pacific¹
(cumulative)

2017 target	400,000
2016	220,356
2015	391,843
2014	379,971



Transactions undertaken using in-store facilities in the Pacific^{1,2}
(per year)

2017 target	173,000
2016	108,602
2015	58,660
2014	11,875



Mobile banking activations in the Pacific¹
(cumulative)

1. Data prior to 2016 includes the Pacific businesses sold in 2015 and 2016.
2. Revised target in 2015 to reflect sale of some Pacific businesses and shift towards mobile banking in the region.



Better financial futures



Global banking industry best score for financial inclusion in 2016 Dow Jones Sustainability Index

Westpac Live online banking platform ranked number one in Forrester's 2016 Global Mobile Banking Functionality Benchmark

New Zealand CANSTAR Youth Banking Award 2016 for youth financial education tools and resources

Top performer in 2015 Rank the Bank Survey by Financial Counselling Australia

Winner 2016 Australian Business Award for Service Excellence for Westpac's Connect Now Service

Progress towards 2017 targets

Exceeded

Met

On Track

Challenging

2016 progress highlights cont'd

Growing social and affordable housing stock

- Increased lending to the social and affordable housing sector to \$1.05 billion, up from \$1.02 billion last year, to help grow the stock of affordable housing.
- Construction progressed on 275 new community housing dwellings across the Sydney metropolitan area resulting from a finance deal with SGCH (formerly St George Community Housing) in 2014.

Jobs created for people experiencing disadvantage

- Introduced new Westpac Foundation grant program to back not-for-profit social enterprises with proven models for job creation for Australians experiencing disadvantage.
- Existing grant making programs have catalysed more than 2,900 employment pathways including 839 jobs, since 2015.

100 years shared with Indigenous Australian community organisations

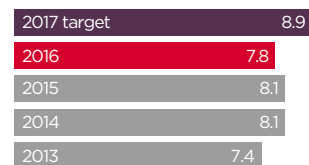
- Time shared by our employees on secondment in Indigenous Australian community organisations through the Jawun Indigenous Corporate Partnerships program surpassed the equivalent of 100 years.

Educating more people about money

- Delivered financial literacy training to 59,596 people through face to face workshops and webinars held by Westpac Group.
- Surveys following workshops held by Westpac's Davidson Institute in Indigenous Australian communities indicated 68% of participants believed their overall financial confidence improved as a result.

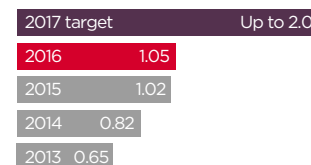
2016 Scorecard cont'd

OBJECTIVE:
Helping customers to put in place a secure income stream to meet their goals in retirement



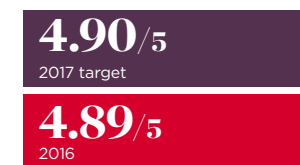
Westpac Group customers with Westpac Group superannuation (%)

OBJECTIVE:
Helping people gain access to social and affordable housing and services



Make up to \$2 billion available for lending and investment in the social and affordable housing sector (\$bn)

OBJECTIVE:
Ensuring all customers have access to the right advice to achieve a secure retirement¹



Average customer satisfaction rating as reflected through BT Adviser View

1. Replaced the previous wealth accreditation certification target with more holistic and meaningful measures relating to the provision of access to wealth advice for all our customers.

The issues that matter

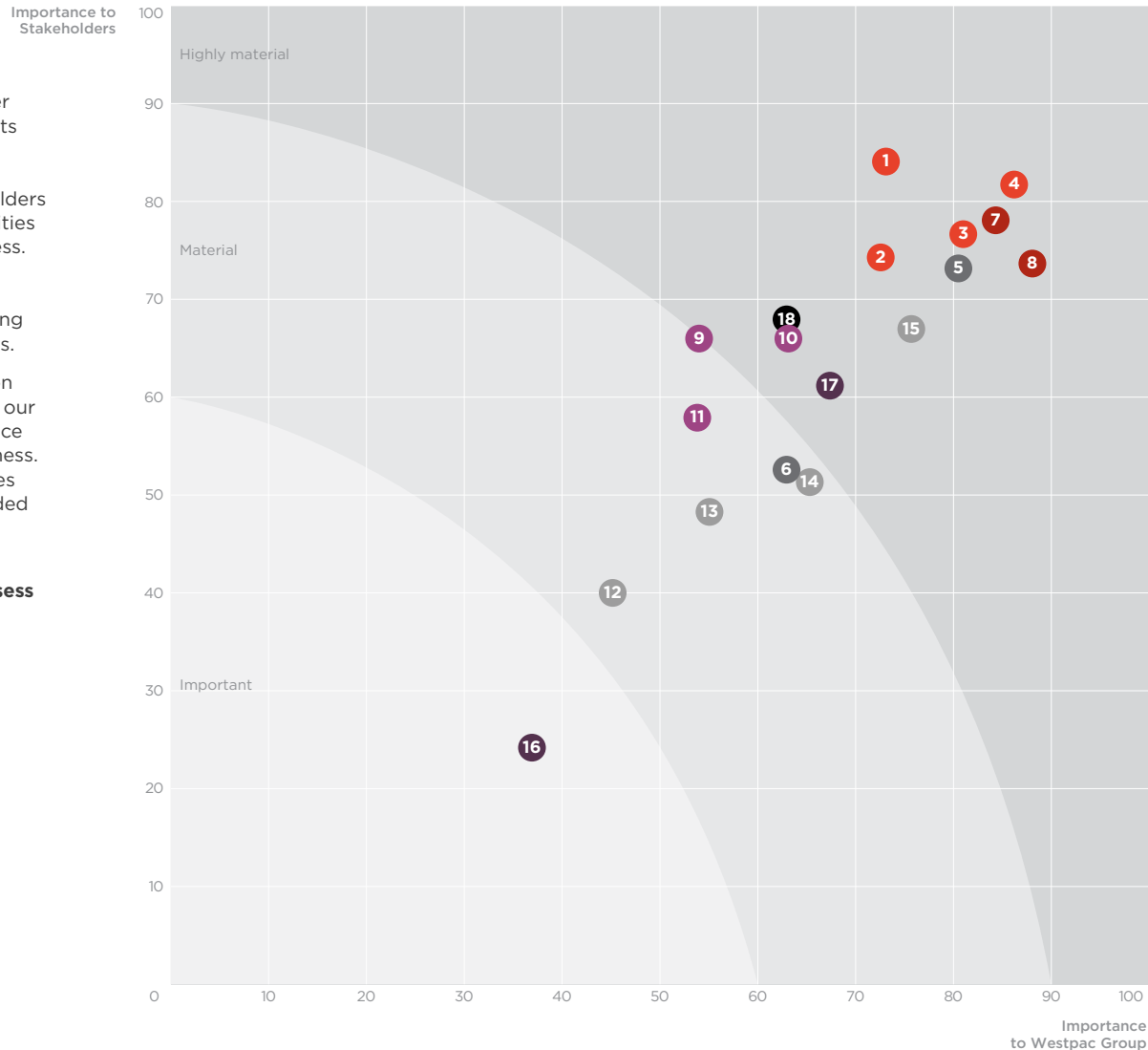
Through our regular assessments of stakeholder feedback and industry trends, we gain an understanding of the issues that matter most to the people connected to our business. We have categorised these issues into six themes, and these themes have guided the content of this report.

The issues that matter

We regularly analyse stakeholder feedback, industry trends, reports and independent research to understand the emerging issues that matter most to our stakeholders – including customers, communities and employees – and our business. This ensures we can direct our efforts to respond in the most effective way to the most pressing emerging risks and opportunities.

We have mapped those issues on the materiality matrix, based on our understanding of their importance to stakeholders and to our business. We have categorised these issues into six themes, which have guided the content and structure of this report.

To read more about how we assess what is most important, read [The fundamentals](#).



- **Conduct and trust**
 - 1 Financial and economic performance
 - 2 Governance, risk and remuneration
 - 3 Conduct and culture
 - 4 Changing regulatory landscape
- **Service leadership**
 - 5 Customer experience, support and access
 - 6 Financial capability and empowerment
- **Digital innovation**
 - 7 Digital product and service transformation
 - 8 Information security and data privacy
- **Workforce of the future**
 - 9 Talent attraction and retention
 - 10 Inclusion and diversity
 - 11 Workforce wellbeing
- **Positive societal impact**
 - 12 Supporting communities in need
 - 13 Societal diversity and prosperity
 - 14 Positive impact finance
 - 15 Climate change transition and opportunities
- **Value chain risk**
 - 16 Our direct environmental footprint
 - 17 Value chain sustainability risks
- **18 Macroeconomic and demographic trends¹**

1. Macroeconomic and demographic trends reflect the external factors impacting the economies, societies and natural environment in which we operate, providing the context for all other topics in our materiality assessment. These factors include ageing population, economic structural changes and outlook, cost of living and housing affordability, education, unemployment and changing nature of employment, and societal health, behaviours, and consumption patterns.

Supporting the Sustainable Development Goals

Launched in September 2015, the United Nations Sustainable Development Goals (SDGs) consist of 17 ambitious goals dedicated to improving the wellbeing of present and future generations. The SDGs aim to tackle the world's most pressing challenges through the promotion of sustainable development over the next 15 years.

An estimated \$5-7 trillion a year until 2030 will be needed to realise the SDGs worldwide, including investments into infrastructure, clean energy, water and sanitation and agriculture.

During the year, the first Australian SDGs summit was held, with engagement and statements of support from a range of sectors including businesses, NGOs and academia. The Department of Foreign Affairs and Trade and Prime Minister and Cabinet are leading an ongoing process to ensure strong whole-of-government coordination on the 2030 Agenda. An appetite for collaboration across sectors towards the goals was evident through the discussion.

In 2016, building on our earlier mapping of Westpac activities to the SDGs, we publicly confirmed our support for the SDGs through a 'CEO Statement of Support' coordinated by the UNGC Network Australia. We also identified our priority SDGs - those SDGs that we can most directly influence through our business model.

As we refresh our Sustainability Strategy in 2017, we will refine our approach to the SDGs, and identify opportunities to further lift our contribution to the SDGs in partnership with other organisations. We support the definition of domestic priorities for the SDGs to collectively guide our efforts on this important journey.

We have mapped the SDGs that we can most directly help to achieve, against our material issues in the following table.

Sustainable Development Goals mapped to Westpac Group's material issues

Conduct and Trust

Conduct and culture
Changing regulatory landscape
Financial and economic performance
Governance, risk and remuneration



Service leadership

Customer experience, support and access
Financial capability and empowerment



Digital innovation

Digital product and service transformation
Information security and data privacy



Workforce of the future

Talent attraction and retention
Workforce wellbeing
Inclusion and diversity



Positive societal impact

Supporting communities in need
Positive impact finance
Climate change transition and opportunities
Societal diversity and prosperity



Value chain risk

Our direct environmental footprint
Value chain sustainability risks



This table shows the six Sustainable Development Goals we have prioritised. As we respond to our most material issues, Westpac's actions will support the achievement of these priority goals, while also considering the role we can play to support the remaining 11 goals.

1. Conduct and trust

We are committed to doing the right thing by customers. However, we recognise there have been times when we, and the financial services industry more broadly, have not met the expectations of our stakeholders. This has resulted in a trust gap.

We are determined to win back trust and have an ongoing program of work to change processes and behaviours, building on existing practices and our service revolution strategy, which puts customer outcomes at the heart of our business.

Relevant United Nations Sustainable Development Goals



Why is this important?

Our banking licence is a privilege. With that privilege comes a responsibility to earn and maintain the trust of our customers and our community by dealing with people fairly and honestly. In recent years, as an industry, we have not always met the expectations of our community and a trust gap has emerged. As a result of a number of issues in the industry, there is a perception that banks and bankers are only out for themselves and we need to change that.

At Westpac, looking after customers is part of our DNA. Having said that, we also recognise we have made some operational errors in recent years, and we have apologised for those. We've made some difficult decisions on pricing, and at times we've not done a good job of communicating why we've made those decisions.

From time to time, we are also subject to litigation and regulatory reviews, including ASIC's proceedings against Westpac and a number of other banks in relation to the bank bill swap reference rate (BBSW).

As a major bank in Australia, we recognise that the actions we take, and the choices we make, play a critical role in enabling the financial wellbeing of our customers, and in the overall economic stability of our nation. It is our responsibility therefore, to be proactive in ensuring that we always operate as a prudent and diligent bank which does the right thing by customers.

We are determined to earn back the trust of our community. Our approach to operating responsibly is integral to our vision, our values and our Code of Conduct which includes our commitment to doing the right thing by our customers. We work constantly to ensure that our strategy, risk and governance frameworks and operations are aligned with this. In the [Service leadership](#) section of this report, we have discussed our service revolution strategy, which puts customer outcomes at the heart of our business. We believe that true service is about helping our customers prosper and grow.

How are we responding?

To help us achieve our goals, we have multiple programs underway to align our systems, policies, processes and people to ensure that we are doing the right thing by customers at each and every interaction.

The programs broadly act at four levels: the enterprise-wide governance level; the product and service level; the employee level; and the industry level.

Enterprise-wide governance level

At the enterprise-wide governance level, we have been strengthening our conduct framework. This sets out the operating principles we must apply consistently across our people and processes which aim to ensure our behaviours and practices deliver suitable, fair and clear outcomes for our customers and support market integrity.

This includes our Whistleblower Protection Policy. An in-depth review of our whistleblowing program during the year confirmed that its fundamental aspects are sound and meet best practice standards. This review has also given us the opportunity to further raise awareness of the policy and improve training for our people. We have been working with the Australian Bankers' Association (ABA) to establish a set of industry principles to assist the ongoing enhancement of whistleblowing programs by banks. Westpac will ensure that its Whistleblower Protection Policy aligns with these principles, as they are finalised.

We also appointed a Customer Advocate – a new role which will provide another avenue for customers and will work with our businesses to ensure our policies and procedures are customer centric. In addition we will invite 25 of our customers to represent the 7 million families, small business owners, pensioners, farmers, nurses and others who bank with Westpac, in a new Customer Council. The Customer Council will meet quarterly and will give us feedback on what matters to them.

Our response

Enterprise-wide governance actions



Product and service level actions



Employee level actions



Industry level actions



“It would be easy to dismiss the concept of ‘trust in banking’ as a cliché. However, without trust, banks lack the social capital on which they must draw if they are to prosper. It is almost 200 years since Westpac first sought to earn the trust of the community. The challenge today is as great as it has ever been – but so is the opportunity to look well beyond compliance and show leadership of the kind demonstrated in this report.”

Dr Simon Longstaff AO
Executive Director
The Ethics Centre

Product and service level

At the product and service level we are working to ensure that we design, communicate and sell our products in keeping with our Code of Conduct and overarching vision to help our customers prosper and grow. In early 2016, we finalised a revised Group-wide Product and Service Lifecycle Policy which includes criteria designed to ensure fair and suitable outcomes for all customers. We have established Product Governance Committees to review our products against these criteria and ensure they meet our enhanced standards.

Where we identify areas where products and services have not been designed and communicated to our customers in the right way, we have sought to fix this. As an example, through our reviews we recently identified that we had made an error in applying a discount on some accounts for younger customers. We reported this mistake to ASIC, refunded the money, and are now putting automated systems in place to make sure it won't happen again.

Employee level

In the Service leadership section we report the work we are doing to support a customer focused culture as part of our workforce revolution program. This includes the introduction of Our Service Promise – which clearly defines our expectations of what it means to deliver consistently great service experiences. This includes a refreshed orientation program for new employees, a series of service leadership programs, and a renewed focus on fixing ‘pain points’ impeding great service.

We have also reviewed our incentives to further align them with our customer-focused strategy. This included the decision to remove all product-related incentives for our 2,000 tellers in our largest brand, Westpac. Staff incentives will instead be based entirely on feedback from our customers about the quality of service they have received.

We are in the process of refreshing our ‘Doing the Right Thing’ training program, which is mandatory for all staff. We have also updated our Code of Conduct to integrate the principles of the Banking and Finance Oath and we're putting our financial advisers through a new ethics training course, building further on the high standard we set for our advisers. At the same time, we are investing more in our compliance and oversight capabilities to make sure we can quickly spot and resolve issues when they occur, and reinforce standards of behaviour while enforcing consequences when people fall short.

Industry level

In April this year, we made a public commitment through the ABA to implement six areas of industry reform (the ABA 6 Point Plan) aimed at protecting customer interests and increasing transparency and accountability. The key initiatives highlighted above - including changes to Westpac branch teller scorecards, the appointment of a new Customer Advocate, the establishment of a Customer Council and updates being made to the Code of Conduct – all demonstrate important progress within Westpac which will help support the ABA 6 Point Plan.

We've contributed submissions both with the ABA and individually to independent reviews into product sales commissions and the Code of Banking Practice and the government's reviews into existing external dispute resolution schemes. We've also been actively engaged in all the ABA's working groups, including the creation of a register or other mechanism to remove individuals from the industry for poor conduct.

The independent reviewer of the ABA 6 Point Plan, Mr Ian McPhee AO, published his second quarterly progress report on 21 October 2016, noting the good overall progress that the ABA and the industry have made, and the high level of support among the banks. In particular,

Mr McPhee called out specific progress including the publication of guidelines on best practice whistleblowing standards and on the role of the Customer Advocate; key submissions provided to government on external dispute resolution; and work with independent reviewers on a review of the Code of Banking Practice and a review of remuneration practices that may lead to poor customer outcomes.

Going forward

We expect the current level of public and political scrutiny to continue for some time to come. We will continue to work hard to regain the trust of our community. This includes more clearly and openly explaining to our stakeholders why we sometimes have to take difficult decisions and the essential role of banks in supporting a financially strong Australia.

We believe trust in our organisation and in the banking industry as a whole is vital if we are to effectively fulfil our role in the economy – as a major employer, a major taxpayer, a provider of dividends to shareholders, and as a driving force in economic development.

Whistleblowing

Concerns reported on Concerns Online

2016	209
2015	207
2014	157
2013	132
2012	107



Left to right: Tony Rodd, Bob Mac Smith and Hamish McDouall.



Five generations of support

Fifth generation farmer, Bob Mac Smith, has seen his fair share of ups and downs as he, his brother and their families have transformed their farm into an industry. But the challenges of building a business were nothing compared to his personal challenge when a skin check revealed a melanoma. When Bob's local relationship manager and financial planner at Westpac heard the news, they swung into action to see what they could do to help.

Bob Mac Smith's family has farmed the New South Wales Central Tablelands for five generations.

When Bob and his brother, Peter, took over the reins of the family farm in Cudal in country NSW they tried different things, from growing rockmelons and canola to running cattle. They soon saw the potential of expanding their business beyond simply growing canola to pressing the seed to extract its valued oil. In 1991, the brothers set up a small processing plant on their farm.

This was the turning point for the Mac Smith family as they transformed their farm into a vertically integrated business. And Westpac supported them at every step.

"In the 90s we realised that despite our hard work, we weren't getting very far with just growing canola seed alone. So we spoke to our relationship manager at Westpac about establishing our business and investing in equipment. Despite the risks, he saw the value in what we were trying to do," Bob said.

"That was a big step, an important step in getting us to where we are today."

In 2005, Bob and Peter joined forces with the Manildra Group of companies to create MSM Milling, a fully integrated seed crushing and oil refining plant in the township of Manildra. Today, with a team of 60 employees, the company transforms canola seed, direct from Australian farmers, into canola oil and meal products. MSM Milling sells products to major food

manufacturers, distributors, stock feeders and individuals across Australia and internationally.

"Westpac has been a key part of our story. They understand our strategy and the long term plans we have for our business. They're fully supportive of the direction we're heading in and continue to help us grow."

In 2014, Bob received some bad news when a skin check revealed he had melanoma.

"Over the years, I've spent a lot of time outdoors. I hadn't had a skin check in a while and my wife, Nic, insisted I see the doctor," said Bob.

"Things moved pretty quickly from that point. Soon after the appointment, I got the call. And before I knew it I was in Sydney in surgery," said Bob.

In a small town, news travels fast. And when Tony Rodd, Bob's Westpac relationship manager heard the news, he talked to Hamish McDouall, Bob's financial planner, about his insurance cover. They worked out that in addition to his trauma insurance policy, Bob was eligible for another claim.

"The situation couldn't have been handled better. Tony pointed out the second claim and he and Hamish came over to help me with the paperwork. That kind of relationship adds a lot of credibility, a lot of trust," said Bob.

While Bob's melanoma was advanced, it was successfully removed and he has now been in remission for over two and a half years. Bob donated the money from his second claim to the Melanoma Institute of Australia (MIA) to fund much needed medical equipment.

"Machinery and technology have helped us develop our business, and I hope this gesture will help the MIA to invest in equipment that will help others. There are some amazing people making real advances in the fight against melanoma," said Bob.

"Going for that skin check saved my life and if I could offer one piece of advice, it would be to have a regular check-up."

2. Service leadership

The value we create for customers underpins the future value of our organisation.

Customers' financial needs are becoming more complex, expectations are changing and tolerance for mistakes is dissipating.

True service leadership requires a commitment to help people achieve their financial goals, at every stage of their lives. It requires us to demonstrate we care about our customers' success, and to help them feel confident, empowered and inspired about their possibilities for the future.

We must be responsive, agile and innovative enough to revolutionise our service, product design and accessibility to become one of the world's great service companies.

Relevant United Nations Sustainable Development Goals



Why is this important?

Our ability to attract, retain and deepen relationships with customers underpins our future value as an organisation. To achieve this requires us to put customers' interests first, demonstrate exceptional service leadership at every interaction and keep in step with customers' evolving expectations.

Customers' expectations about how and where they access banking services are changing more rapidly than ever before.

Customers increasingly want to bank anytime, anywhere. They have ever more complex financial advice needs, particularly as they live longer, and they expect simpler, immediate, individualised service, at a time and place that suits them.

Many consumers have embraced digital banking channels, with research showing consumers trust banks with their online transactions more than other institutions¹. As customers bank more frequently online, many are no longer only comparing their online service experience with that of other banks, but also with other retailers.

Other customers still rely on traditional banking channels and payment methods, and prefer to speak with a 'real person', particularly for more complex financial needs. They don't want to wait in a queue and they want access to an expert who understands and provides information suitable to their individual circumstances.

While we aim to accommodate the preferences of as many customers as possible, some decisions we take are not embraced by all. For example, we received some criticism for our decision to transfer the Bank's third party agency arrangements from around 150 regional in-store providers to Australian post offices. This was part of a partnership with Australia Post formed in 2015 to enable Westpac customers to access banking services at participating Post Offices, helping to continue and extend service in regional areas.

Where we do not meet the expectations of customers, they are more likely to share their grievances through public channels and social media, and they expect fast resolutions. Reputation, service quality and economic growth are all intrinsically linked.

Our service leadership extends to improving accessibility of banking for those who are excluded from the financial system. Likewise, we have a responsibility to support customers experiencing financial hardship.

Within this context, our challenge is to remain responsive, revolutionise service, build trust and innovate in product design and accessibility.

1. Mobile Consumer Survey 2014, Deloitte

Our response

Service revolution
Introducing new service features, products and mindset



More accessible banking
Helping customers have a better relationship with money



Helping out in times of need
Providing relief for customers experiencing hardship

31%

Reduction in customer complaints across our Australian operations during the year

How are we responding?

Our determination to excel in meeting the needs of customers as their expectations rapidly change has required us to take a multi-pronged, transformational approach. This has had implications for our systems, products, features, processes and, importantly, our employees' mindsets.

We've also looked at new ways of making banking more inclusive and accessible and improving the way we help customers when they experience hardship.

At the heart of our approach, we believe true service leadership requires a commitment to helping people achieve their financial goals, at every stage throughout their lives. It requires us to demonstrate we care about our customers' success and will help them feel confident, empowered and inspired about possibilities for the future.

Service revolution Our Service Promise

A flagship initiative during the year was the introduction of Our Service Promise. Created by our people, Our Service Promise clearly defines our expectations of what it means to deliver consistently great service experiences during every interaction with customers and each other.

This has been brought to life through 'service huddles' where teams of employees meet three times each week to share customer service stories to inspire exceptional service.

It is also being supported with a refreshed orientation program for new recruits, a series of service leadership programs, and a renewed focus on fixing 'pain points' that are impeding great service.

We have started to see the results of this work, with a reduction in customer complaints of more than 30% across our Australian operations during the year, along with a substantial increase in compliments. In the second half of the year, our branch network received three times as many compliments as complaints.

In our wealth business, BTFG, supplementing the rollout of Our Service Promise, around 4,400 employees undertook a tailored customer service excellence training program. A new program, Customer Connections, was also introduced to give BTFG employees structured opportunities to improve the way they consider customers' needs in decision making.

This was part of a comprehensive program of initiatives introduced by BTFG's Office of the Customer, established in 2014, to drive customer service excellence. These initiatives have contributed to a 43% reduction in complaints from BTFG customers during 2016. To ensure BTFG continues to lift the bar in meeting customers' needs, a new governance framework was introduced.

Service transformation

2016 has been a year of delivery against our multi-year Service Revolution transformation strategy. Programs have focused on the digitisation of the company through the design and deployment of a single bank technology infrastructure, significantly transforming our customer experiences and driving operational efficiency.

This has included work on a new Customer Service Hub, the first step in our core technology upgrade, which will enable us to have one seamless view of customers and the ability to look at their needs across the entire banking and wealth spectrum, over their lives.

We are also transforming the digital customer service experience with the introduction of 188 new features and enhancements to our digital banking platform during the year, as well as new features for wealth clients through the industry leading BT Panorama platform. Read more in [Digital innovation](#).

Bringing together these initiatives as a coordinated program of work is helping accelerate the rate of transformation to provide bankers with the best tools, systems and mindsets to respond quickly and more efficiently to customers.

Fixing service problems

We analyse customer complaints to pinpoint the root cause and resolve the issue to benefit all customers. Resolutions have ranged from changing the way we communicate product terms to the way EFTPOS receipts are formatted.

We are also reviewing all products, policies, and processes, to make sure they are working in our customers' interests.



“Westpac has worked closely with financial counsellors over the past few years to improve the way the bank responds to customers experiencing financial hardship – they genuinely want to help. Financial counsellors work in community organisations and provide advice to people struggling to pay their debts. We are well placed to know which banks are easy to deal with and which aren’t. Westpac was the top performer in the 2015 Rank the Bank survey assessing bank responses to financial hardship and that was not a surprise.”

Fiona Guthrie
Chief Executive Officer
Financial Counselling Australia

For example, we discovered an issue relating to the complexity in the way international credit card schemes work. It affected people who had shopped online via overseas-based retail websites. In some cases, although customers were making an international transaction, the website showed their bill in Australian dollars. Therefore, our customers questioned why they should be charged an international transaction fee when they paid their bill in Australian dollars. After reviewing these cases, although our customers were making international transactions subject to the relevant fees, we came to the view that our disclosure wasn’t as clear as it should have been. For the avoidance of doubt, we reported the issue to ASIC, we are refunding the fees paid to all affected customers during the period and we have fixed the problem by rewriting our disclosures.

When combined, the actions we have taken to improve customer service and fix customer problems have contributed to a 66% fall in complaints in the last four years across our Australian operations.

While these results are positive, we are aware that problems may continue to arise. With this in mind, we are continuing to foster an environment where every employee feels empowered to spot and fix customer ‘pain points’.

Putting customers’ interests first

To be a service leader, we know we must put customers’ interests first, by providing the right information and products suitable for their individual circumstances. We took additional steps in 2016 to provide even greater focus and transparency around these issues, to retain the trust and confidence of our customers. Read more in [Conduct and trust](#).

New features to improve customer experiences

Matching customers’ rapid uptake of mobile banking services, we had a strong focus during the year on transforming our digital capabilities with a view to positioning Westpac as the best in class digital customer service bank. This has resulted in 188 new features and enhancements across our digital banking platforms. Read more in the [Digital innovation](#) section.

Alongside our digital transformation, we also introduced a new service offer, which responds to different customer segments. For example, if a customer visits a branch and a wealth need is identified, branch staff can now connect those customers immediately, via phone or video conferencing, to a financial adviser. This new advice offer has been introduced by BTFG into 900 Westpac and St.George branches nationally. In addition, BTFG launched a new online tool, Ask An Adviser, to enable consumers to access advice on their terms, when and where they want it. They will receive a general advice response within 48 hours from a financial adviser. Questions and answers are also posted online, for others to search.

To help meet the needs of small business customers, we extended the eligibility criteria for pre-approved borrowing through our Live Online Lending Application tool, known as LOLA, which now has \$34 billion of pre-approved limits; and increasing the limit of our unsecured business lending product up to \$50,000. We introduced simpler merchant pricing plans and made it easier for customers to apply online for a new merchant facility. We also rolled out around 100,000 EFTPOS terminals which are all enabled with our market-leading contactless tap and go functionality and accept UnionPay card payments.

To support working families, we became the first bank to make it standard operating procedure to recognise return to work income and paid parental leave in the home lending borrowing capacity of a person on parental leave. We also became the first bank to offer Auslan interpreting service for people who are deaf. The pilot was conducted in Penrith, NSW, and will be expanded to other surrounding areas in both Westpac and St.George branches.

More accessible banking

While it’s critical for us to deliver exceptional service experiences for existing customers, it’s equally important for us to make banking more accessible to people who are excluded from the financial system and increase their money management skills.

Banking the unbanked in the Pacific

In the Pacific Islands, we continued to use low-cost, innovative technologies, such as in-store facilities and basic mobile banking services, to enable more Pacific Islanders to access basic banking services without the need to travel long distances to a branch.

30,759

Customers who received hardship assistance packages through Westpac Assist in 2016

During the year, a small team of employees spent three months in the Papua New Guinea Highlands visiting some of the country's most remote populations. The aim was to provide access to basic bank accounts, coupled with financial education, and set up new local in-store banking operations in central Highlands areas. As a result of the initiative, around 1,000 people were brought into the banking system each week during the three month taskforce period.

This and other initiatives saw an additional 82,000 new banking accounts opened during the year, including around 64,000 basic bank accounts. We also saw an increase in the number of mobile banking activations and sustained use of our in-store facilities.

Indigenous Australian customers

As part of our Reconciliation Action Plan, we continued to explore banking 'pain points' experienced by many Indigenous Australians, particularly those in remote communities. This includes issues such as proof of identification, language and cultural barriers, complex home ownership structures and lack of internet connectivity. We progressed a number of initiatives, including the development of simplified product disclosure statements which are more culturally appropriate and suitable for people who speak languages other than English. These initiatives are also creating value for other customers, including those who are new to Australia.

New Financial Inclusion Action Plan

During the year, Westpac was among 12 trailblazing organisations to commit to the Financial Inclusion Action program developed by Good Shepherd Microfinance and partners EY, Centre for Social Impact and the Australian Government.

Through the launch of Westpac Group's Financial Inclusion Action Plan in November 2016, we will provide a fresh focus on the financial inclusion work underway, from short term financial assistance, financial capability training programs and new forms of wealth creation, through to long term, sector-wide solutions to prevent people from falling into financial hardship in the first place.

Helping out in times of need

When customers experience hardship, we have a responsibility to provide support. Our specialist teams continually engage with customers, financial counsellors and other industry bodies to work on new ways of helping people who are experiencing hardship and, importantly, to help prevent people from falling into hardship in the first place.

Reflecting the importance we place on this, we recently introduced a customer service target specifically for those customers experiencing hardship, measured via after call feedback. We have set a net promoter score target among those customers of 75 for the 2017 financial year. We will also continue to monitor and review all feedback to improve or retain the service elements that matter most to our customers.

During the year, we introduced new functionality through our digital banking platform to make it easier for customers experiencing financial hardship to negotiate hardship payment arrangements through our banking app. We enable customers to apply for financial assistance online, and we continue to evolve our digital capability to provide customers with greater choice and improve customer connectedness.

A key hardship trend to emerge was the rise in the number of regional communities bracing themselves for severe economic instability related to the withdrawal or closure of major local industry. Where possible, we identified ways to assist affected community members. For example, we proactively worked with the administrators of a troubled steel works company in Whyalla, South Australia, to arm employees with information on the financial assistance services we offer and established a dedicated employee hotline into Westpac Assist.

We also saw a number of communities affected by natural disasters. This included bushfires in Victoria, South Australia and Western Australia towards the end of December 2015, storms related to the east coast low in June 2016, and flooding in Central Western New South Wales in September 2016. We issued 216 financial relief packages to affected customers, to remove some of their worry and help them focus on getting their lives back on track.

To ensure this process is as seamless and quick as possible, we introduced a new online feature during the year. When a natural disaster package is invoked, affected postcodes are flagged in our systems to enable automatic approval for affected customers when they apply for financial relief.

In 2016, 30,759 customers received hardship assistance packages via Westpac Assist, representing a 78% approval rate for those who applied for assistance.

Our challenge moving forward is to successfully navigate regulation, credit policies and system constraints to identify long term debt recovery solutions to help customers experiencing hardship to rehabilitate over time. We also have work to do to find increasingly effective intervention solutions so as to engage with customers early to prevent them from falling into hardship in the first place.



Giving business wings

After a long career in the police force, Herb Smith returned to his hometown of Wellington in country NSW with a business idea: he would take his grandmother's lemon myrtle biscuits to the world. With the support of Westpac, Herb is bringing his dream to life. With Qantas as his first major corporate customer Herb is planning to grow his Dreamtime Tuka business while strengthening his community's foundations.

When Herb was a child growing up in Wellington, his grandfather's voice would echo across the yard, calling out to his grandchildren, "Come home for your tucker kids". After they ate he'd say "With all that food in your bellies, you'll have good dreams".

These memories have stayed with Herb for some fifty years and later when he returned home to Wellington, after a 32 year career in the police force, he set up a new business inspired by his grandmother's lemon myrtle biscuits.

"It was like my grandfather sent me a message," said Herb. "That's when the name 'Dreamtime Tuka' struck me".

Since then, Dreamtime Tuka, a 100% Aboriginal owned native Australian bushfood supplier, has flourished. With his grandmother's recipe in hand in 2015, Herb pitched his range to Qantas. And like his family before him, Qantas liked what they tasted. They placed an initial order of 150,000 coconut lemon myrtle slices to serve on all domestic flights in Australia.

"Getting the call from Qantas – it was the most awesome feeling. It was a massive break. But I was still at the start of this journey and before I could say yes, I needed to make sure I had the means to see it through," said Herb.

So Herb visited the Westpac branch in Dubbo and met with Jessica Weber, a Personal Business Banker. He was taking a chance, because he hadn't banked with Westpac until that point, but he knew he was in the right place when he was connected via video conference to the Business Banking team in Sydney and then later referred to Irfan Kureshi, a Senior Business Banker. With Irfan's help, Herb secured the backing he needed and with the support of a large baking manufacturer in Dubbo was able to fulfil the order.

"Without Westpac's support, I wouldn't have been able to accept Qantas' order. Dreamtime Tuka wouldn't be what it is today."

Based on customers' enthusiastic response, Qantas put in its second order for a further 350,000 of Herb's bush plum slices. And Herb's extending his Indigenous Australian inspired range beyond slices, biscuits, muffins and chocolates to include savoury treats such as chicken and qandong pie and lamb and river mint pie. Next on the agenda is the launch of a range of flavoured water.

While this has been a great story for Herb, it's been even better news for Wellington.

"Dreamtime Tuka belongs in Wellington and my vision is to set up a manufacturing base to grow from here. Through Dreamtime Tuka, I want to create opportunities for the young people of this community, to inspire them to think big and to follow their ideas and dreams," said Herb.

"When I was a kid I couldn't have imagined I would own a business. And to be building a business that pays tribute to my grandparents, it's something that I'm very proud of. And something they'd be proud of too."

For Herb and Dreamtime Tuka, this is just the beginning.



3. Digital innovation

The rapid evolution of technology brings with it exciting opportunities to improve the way we meet customers' changing expectations.

It also brings challenges including new business models with the potential to disrupt traditional banking, along with greater exposure to cybercrime.

Our aim is to embrace this change to benefit customers and employees, while vigilantly protecting the security of the information we hold.

Relevant United Nations Sustainable Development Goals



Why is this important?

By 2019, the average Australian household is predicted to have 24 devices connected online¹. By the same time, at least 50 billion devices are expected to be connected globally. Currently, 1 in 2 Australian small and medium businesses receive payments online, around 40% of the population buys at least one product online every month², and most Australians spend more time online than they do sleeping.

More people are adopting wearable technologies, such as smart watches, and projections point to internet-enabled mobile wallets reaching mass proportion before 2020.

This staggering level of connectivity brings radical change to many aspects of daily life. Digital entrepreneurs are creating solutions to problems people had not previously even thought about. When coupled with big data, these solutions are becoming more immediate and personalised than ever before.

This has led to rising customer expectations around speed, simplicity, convenience, access, security and product design. Customers are no longer comparing their bank's digital capabilities to other banks. Rather they are comparing it to their experience with other types of businesses, from retailers to travel agencies.

With fewer visits to bank branches or calls to customer service employees, there's also a growing expectation among customers of personalised digital experiences, with real-time insights and transparent offers. It is, rightly, unacceptable to customers if things go wrong with our digital banking platform.

To meet these expectations, and embrace the opportunities created by mega connectivity, the financial services industry has been propelled into an era of digital agility.

New business models

Speculation has been mounting about the potential impact of 'digital disruption' in the banking industry, with many commentators exploring the notion of applying technology to lower costs, create new channels to market and improve service. Peer-to-peer lending and blockchain-based payment systems are well cited examples.

The emergence of these innovations reflects the growing need for greater efficiencies to satisfy the volume of global transactions, currently valued at \$26 trillion annually³. New entrants have introduced alternative products across a range of different payment channels, including contactless payments, cross-border remittances and crypto-currencies (for example bitcoin). Blockchain innovations are frequently predicted to be the most transformative change in the global payments system over the coming decade.

In Australia, analysts have projected the uptake of new applications such as peer to peer lending could surge up to 150% over the next 12 months.

New frontiers are also being explored as powerful new techniques are used to extract insights from digital data, faster and cheaper than ever before. Tapping into 'big data' has the potential to drive real value and efficiency for customers, for example in personalising services and detecting fraud.

The way data is gathered, stored, analysed and used is still at a nascent stage of development, with legal, privacy, and competitive strategy issues yet to be resolved. However, the business opportunities are boundless.

Cybercrime

Hand in hand with the exponential growth in digital innovation and 'big data' is the evolving security challenge posed by malicious cyber activity.

According to the Australian Government, almost one million Australians were estimated to be victims of online identity theft in 2014. Over 9,500 cybercrimes were reported to the Australian Cybercrime Online Reporting Network in its first three months of operation from November 2014.

Large multinational companies and government organisations around the world have been targeted, losing substantial amounts of sensitive commercial and personal information or incurring major damage to their business and reputation.

The range of possible targets is expanding from computers and phones to other connected devices such as cars, fridges and medical equipment. Cyberattacks are becoming more sophisticated and previously unseen malicious activity, including infections to the firmware of hard drives, can now leave almost no trace.

Research shows that when it comes to the security of mobile banking transactions, people have greater trust in banks than in other financial institutions, money transfer services or app store providers. This reflects the significant investment to date in security prevention and detection to ensure banks have among the safest and most secure systems in the world.

Banks need to constantly build upon that trust, through continued investment to keep customers' information and details secure.

1. Australian Government's Australia's Cyber Security Strategy
2. Roy Morgan Research, *Online shopping on the rise for most retail categories*, 2015
3. Deloitte, *Banking reimagined, How disruptive forces will radically transform the industry in the decade ahead*, 2016

Our response

Digital transformation
Delivering best in class digital
customer service



Partnering for change
Investing in entrepreneurs to
learn and co-create



Cyber defence
Protecting our customers'
and our business' data

How are we responding?

Embracing digital opportunities, while vigilantly protecting information security, requires us to act across three major fronts:

- **Digital transformation:** transforming our digital offering to ensure we are delivering best in class digital customer service;
- **Partnering for change:** Partnering with and investing in digital entrepreneurs; and
- **Cyber defence:** defending our customers' and our business data against cyberattack

Digital transformation

Westpac's mobile banking platform, Westpac Live, was ranked number one by global research house, Forrester, in its 2016 Global Mobile Banking Functionality Benchmark.

This recognition reflects the broad program of work underway to transform our digital capabilities to position Westpac as the best in class digital customer service bank.

A number of principles have underpinned the enhancements made during the year. Importantly, we have looked to create new ways to give customers more control, removing the need for them to visit a branch or fill in paperwork, while giving the option to speak to someone, quickly and conveniently.

We've also aimed to ensure the experience for customers feels seamless, familiar and intuitive, whether they are using a phone, tablet, desktop or wearable device; and to create relevant, personally meaningful experiences, where customers always come first.

During the year, 188 new features and enhancements were introduced across our digital banking platforms.

Customers can now download a summary of accounts and balances, activate cards using a phone camera, change a card pin, or put a card temporarily on hold – all using a mobile device. Customers can now also manage term deposits online, with the ability to compare interest rates and renew at maturity, without having to visit a branch.

When St.George customers use their mobile banking app, if they need to speak to a member of the customer service team, they can now simply click to connect to the right person to answer their query, without the need to find the number or re-enter their security details. A similar feature is planned for Westpac customers next year.

St.George business customers now also have access to a new best in class online banking platform that mirrors Westpac Live.

In New Zealand, our new CashNav app is helping customers manage their money. Linked to their bank account, the app notifies customers after each transaction how their spending is tracking against previous months.

For wealth customers, BTFG introduced new functionality to the BT Panorama operating platform to improve trading experiences. The newly launched BT Invest is now giving retail investors access to innovative technology, tools and experts to help them easily set up, track and manage investments, regardless of their level of investment expertise or wealth. In addition, a new offer for self-managed super funds (SMSFs) is enabling advisers, accountants and clients to manage SMSF investments and a full fund administration capability. BTFG also developed SuperCheck, an online and mobile banking feature that enables Westpac Group customers to search for and see all their super accounts in real time.

We also introduced data-driven customer innovations, for example Westpac Wonder. This new service blends a customer's known financial information, such as income, assets and the estimated value of house properties, to provide personalised home loan options in real-time to help customers achieve their home ownership aspirations.

The ideas for new digital features have stemmed from an analysis of customers' behaviours, financial needs and wants in their daily activities, habits and experiences. Through this deeper investigation, and applying customer centred design principles, we have improved how we pinpoint new ways to help customers' gain better value from their banking, with greater convenience and simplicity, at the moment they want it.

Our services extended beyond core banking. We also provided data analytics services to help our corporate customers meet business challenges and realise new opportunities.

Collectively, these new features have contributed to improvements across a number of key metrics. As at 31 August 2016, of all the products that were taken up by customers, 23% were set up online, up from 18% last year. Customer complaints declined by more than 30% across our Australian operations and compliments substantially increased during the year. In the second half of the year, our Australian branch network received three times as many compliments as complaints.

#1

Westpac Live
ranking in Forrester's
2016 global Mobile
Banking Functionality
Benchmark



“The Reinventure and Westpac partnership, independently managed corporate venture capital, is the only of its kind in Australia and one of the few we are aware of in the world. It takes a very progressive organisation to appreciate directly supporting disruptive technology companies within financial services and adjacent industries. This comes from a deep understanding of the principles of disruption and how to best navigate that complexity. Above all, it comes from a customer needs first perspective and Simon and I feel privileged to have found a partner like Westpac to pursue this innovative model of venture capital.”

Danny Gilligan
Co-founder and Managing Director
Reinventure

Along with the increasing uptake of digital banking services comes an intensifying dependence on the reliability of our banking platforms. System outages that prevent access for any length of time are extremely inconvenient to customers and employees. We have a robust technology environment, in which we are regularly making essential system and security updates, system upgrades and implementing new features and functionality. Undertaking planned maintenance sometimes requires us to take systems offline, which we generally do overnight or during low volume periods to minimise disruption and we seek to advise customers in advance. During the year, a small number of unplanned outages occurred, to which we responded immediately to minimise disruption to affected customers.

We take these unplanned outages extremely seriously and have invested in extra precautionary measures for our systems to ensure we have the most stable and agile technology environment as our foundation to become the best in class digital customer service bank.

Partnering for change

Supplementing these digital enhancements, we also added to our growing number of partnerships with entrepreneurial startup companies that are developing innovative solutions across the banking spectrum.

These partnerships enable us to better understand emerging trends, acquire know-how from digital pioneers and co-create by bringing together complementary skill-sets. It is putting us in a better position to apply and share new approaches to improve our customers' experience, and position Westpac as a bank of choice for this growing segment of the economy.

During the year, we invested in a number of new concepts and companies, including newly launched digital mortgage broking platform, Uno.

In addition, through our \$100 million investment in the independently operated Reinventure Fund, we invested in a number of other startups, including data marketplace platform Data Republic, employee platform provider Flare HR and crime prevention software provider Auror. These add to previous investments, including those in online marketplace payment platform, PromisePay; peer to peer lender Society One; and ordering platform Hey You.

We continued to help incubate a number of other fintech startups as a founding partner of Stone & Chalk, a collaborative hub established in August 2015 to support the burgeoning fintech sector in Australia. By March 2016, Stone & Chalk was host to around 230 entrepreneurs working in over 70 fintech startups. Westpac employees acted as mentors to entrepreneurs, providing an opportunity to share insights and identify high potential investment opportunities.

We also partnered with start ups to offer new services for customers. For example, Westpac partnered with car sharing platform Uber to offer Westpac's customers discounted Uber rides and enable its employees to use the ride-sharing service for business travel. Similarly a partnership with Hey You saw Westpac customers receive a credit towards a first coffee or café treat made through Westpac's banking app.

To better understand the risks and opportunities of digital disruption, and help shape standards and protocols, we also worked proactively with industry bodies, academics and regulators. This included our submission during the year to the Productivity Commission Inquiry into Data Availability and Use as well as participating in the Australian Bankers' Association's fintech working group.

188

New features and enhancements introduced across our digital banking platforms

22%

Proportion of banking products sold online

Cyber defence

The information security measures that protect both customers' and our business data are the foundation of our technology strategy. We recognise that customers' trust is fundamental. If we do not adequately protect their data and respect their privacy preferences this trust will quickly erode.

Westpac operates a sophisticated and robust system of preventative controls, detection and response capabilities to protect data from cyber threats.

We have controls to protect data, such as access control and encryption; to protect the computers in our environment, including anti-virus and software patching; and to protect our 'perimeter' where our networks connect to other networks, like those of our business partners and the Internet. Importantly, our people are a key line of defence against cyber threats and, as such, we invest in our employees' cyber security capabilities.

We also operate a set of detection and response controls, which trigger sophisticated responses to attacks that may evade our preventative controls.

As methods of attack constantly evolve, we are continually improving our cyber security systems and capabilities.

2016 marked the second year of a multi-year, coordinated program of work to rapidly build up our layered defences and improve our control and capability strength.

To date, the program has delivered significantly improved visibility of what's happening on our networks, and a game-changing investigation and analysis capability. The effectiveness of these controls is reflected in a significant decline in the number of customers becoming victims of cybercrime in 2016.

To reinforce these defences, we continued to raise both our employees' and customers' awareness of ways to protect themselves against the latest cyber scams, with warnings not only of threats directly impacting banking, but other scams which could lead to financial loss. We communicated security advice through regular website updates, tailored emails and direct messages within online banking sessions.

Recognising that cyber security is a concern shared by most organisations globally, we continued to actively participate in industry and government forums during the year to find collective ways to tackle the threat, including the Financial Services Information Sharing and Analysis Centre and Information Security Forum.

Protecting our customers' trust and privacy will remain at the heart of our information security strategy.

We have a sophisticated, robust system of controls, detection and response to protect data from cyber threats.





Connecting data to fight crime

New Zealand-based startup Auror is helping in the fight against crime. By using technology to harness data, Auror's crime prevention software has already been adopted by the New Zealand Police and more than 500 retailers. Backed by Westpac's Reinventure Fund, Auror is now exploring ways to help Westpac customers and Australians make our communities safer.

Through its Reinventure Fund, Westpac is investing in new fintech startups that can benefit customers. That includes Auror, creator of crime reporting and prevention software.

Four Kiwi friends saw that the growing problem of so-called 'everyday' crime – such as thefts from retail stores, supermarkets and petrol stations – costs the economy millions per day, yet often goes unreported.

By harnessing technology, they saw a way to connect these crimes via a software platform that makes it easy for businesses and police to access information and analyse data to fight crime.

In 2013 they pitched their idea to Countdown supermarkets (a Woolworths' subsidiary). By the end of their first meeting, Countdown could see the potential and said 'yes'.

"Having Countdown's buy-in from the outset was a great boost. It gave us the confidence to devote ourselves to our business full-time and to build and pilot our platform," said Tom Batterbury, Auror co-founder and Head of Product.

By early 2014, Countdown had signed up and paved the way for more customers, including the New Zealand Police. Auror signed a first-of-its-kind National Partnership Agreement with the NZ Police, which put its software into the hands of every police officer in New Zealand and provided real-time access to data and intelligence to prevent and solve crimes. And it's making a difference.

One of the best examples has been in the fight against fuel theft.

"We're stopping criminals at the petrol bowser and it's benefiting the whole community," said Phil Thomson, Auror co-founder and CEO.

When a vehicle drives into a service station, Auror (integrated with licence plate recognition cameras) automatically sends an alert if that vehicle has previously stolen fuel or is wanted by police. These real-time alerts allow the operator to switch the pump to prepay and prevent the crime before it happens, protecting the business from repeat offenders. Auror has successfully reduced drive-offs by 70-80% at user locations, all without impacting the experience for good, paying customers. With fuel theft costing Australian retailers an estimated \$55 million last year, demand is especially strong for Auror's solution. In just three short months the company has built its user base in Australia from zero to more than 160 petrol stations across the country.

Auror is also exploring new and exciting extended applications for its platform, such as helping identify and recover stolen vehicles. If Auror detects a number plate that belongs to a stolen vehicle, it sends a real-time alert to Police so they can respond and recover it. During initial trials, Police had good success intercepting stolen cars found by Auror—often while they were still on petrol station forecourts.

After seeing the potential for the Australian market, in August 2015 Westpac's Reinventure Fund became a major shareholder in Auror.

"Reinventure's support means a lot to us," said Phil. "It means we can continue to invest in our business and grow. As part of our Board, we have access to Reinventure's advice and experience with other start-ups. And together with its other investments, we have become part of a community of practice.

"Reinventure is opening doors for us in Australia and we're exploring ways to help Westpac and its business customers."

Today, Auror has a team of 15 people and, with an established New Zealand business and a strong push into the Australian market, their vision is to partner with all Australian retailers and police forces before taking their crime-fighting tool further afield.



4. Workforce of the future

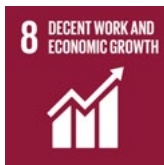
Many aspects of our employees' daily roles are changing, as we respond to customers' evolving expectations and apply new technologies to improve daily tasks.

At the same time, our employees' expectations about work are changing, including a growing demand for flexible work arrangements.

The ageing and growing cultural diversity of the population has implications for our future pool of employees, adding impetus to the creation of an inclusive workplace environment that values people regardless of differences.

These shifting workplace dynamics have seen us step up our focus on initiatives to build a future-ready workforce – that attracts and supports employees who are more digitally confident, capable of more complex work, pursuing more flexible career paths, from more diverse backgrounds, and attaining higher levels of skill development.

Relevant United Nations Sustainable Development Goals



Why is this important?

People who work in the banking and finance industry are experiencing change at a faster pace than ever before.

Relationships between employees and customers are evolving as people change the way they manage their money. Customers increasingly want to bank anytime, anywhere. They have ever more complex financial advice needs, particularly as they live longer, and they expect simpler, immediate, individualised service.

Digitisation is altering daily work tasks, as banks explore new ways to be 'always on', create new product features, and improve apps, processes and systems.

At the same time, compliance monitoring and reporting requirements have increased, and public scrutiny of workforce culture across the sector has intensified.

Collectively, these factors mean the way we work is transforming. We are seeing changes in our physical work environments, the structure of our organisation, job design, behaviour expectations and skill requirements.

Many people embrace this change, thrive in a transformative environment and look towards the myriad opportunities created. However, others can find it challenging to continually adjust.

Psychosocial hazards as a proportion of total workplace hazards are growing in many workplaces'. This reflects the changing nature of work resulting from the shift to a knowledge-based economy, such as increased pace and intensity of work and irregular working hours. If these types of workplace wellbeing risks are not suitably managed, workplaces may face rising absenteeism rates and claims.

At any point in time, one in six working age people will be living with mental illness, costing Australian businesses in the vicinity of \$11 billion dollars each year². Meanwhile, many are also caring for and supporting people with mental health difficulties while juggling work and home responsibilities.

Definitions of 'work life balance' are shifting, and demand has grown substantially for flexible working arrangements such as working variable hours, from home, or a compressed work week. With five generations now working together, we have a broader range of expectations, approaches, skillsets and wellbeing needs based on life stage, than ever before.

It is well documented that the ageing of our population will have longer term impacts on the labour force, including a shrinking pool of skilled employees. This, combined with growing cultural diversity in our society, means we have significant work to do to embrace these changes so as to attract and value people regardless of their differences, whether related to cultural backgrounds, life experiences, ages, abilities, genders, sexual orientation, gender identity, or thoughts and perspectives.

In fact there are many business benefits in fostering an inclusive workplace. An employee population that's more reflective and inclusive of society has greater insight to respond to diverse customers in the most effective way, and to solve problems. It also improves overall employee engagement and productivity.

Our employees are the backbone of our business. Therefore, we recognise that we need to address these challenges to build a future-ready workforce, where we have the right people, with the right skills, who are supported in the right way.

1. PriceWaterhouseCoopers, *Workplace wellness in Australia, Aligning action with aims: Optimising the benefits of workplace wellness*, 2010

2. The Mentally Healthy Workplace Alliance, Heads Up and Beyond Blue, *Creating Mentally Healthy Workplaces*.

Our response

Service, culture and capability
Developing the right skills and behaviours to deliver exceptional customer service

+

Inclusion and diversity
Fostering an environment that values and embraces diversity

+

Wellbeing
Bringing a consistent, sustained approach to support the wellbeing of employees

How are we responding?

Embracing these challenges and opportunities requires us to foster a workforce environment that attracts and supports employees of the future – those who are more digitally confident, capable of more complex work, pursuing more flexible career paths, from more diverse backgrounds, and attaining higher levels of skill development.

Importantly, we recognise the need to reinvigorate efforts to engender a relentless focus on providing exceptional customer service where every employee across the organisation puts the interests of customers first.

During the year, our progress in responding to these material issues can be grouped into three key areas:

- Service, culture and capability;
- Inclusion and diversity; and
- Wellbeing.

Service, culture and capability Our Service Promise

As outlined in the [Service leadership](#) section, a flagship initiative during the year was the introduction of Our Service Promise. Created by our people, Our Service Promise clearly defines our expectations of what it means to deliver consistently great service experiences during every interaction with customers and each other.

This has been brought to life through 'service huddles' where teams of employees meet three times each week to share customer service stories to inspire exceptional service. It is also being supported with a refreshed orientation program for new recruits, a series of service leadership programs, and a renewed focus on fixing 'pain points' that are impeding great service.

We have already started to see the results of this work, with a reduction in customer complaints of more than 30% in our Australian operations during the year, along with a substantial increase in compliments. In the second half of the year, our branch network received three times as many compliments as complaints.

While these results are positive, customer expectations are constantly changing and our challenge is to maintain momentum. Our commitment to ongoing service excellence means engaging each part of the service value chain. Most recently we have developed a leading service program with Disney Institute to inspire, engage and empower specialist function leaders to deliver world class service.

New capability, leadership and learning frameworks

We also sharpened our focus during the year on the core capabilities we believe our people need to have to ensure Westpac can adapt to the challenges of the future.

Alongside service excellence, we have introduced programs to improve our people's ability to make fast, high quality decisions in complex environments; to become more agile, collaborative and innovative; to gain digital confidence; and improve accountability for behaviours and practices. This included the launch of the Personal Leader Journey for our top 100 leaders. We have also designed an externally recognised Certificate of Executive Leadership, in partnership with Australian Graduate School of Management, for our next level of leaders, which focuses on building key capabilities, such as authentic leadership; innovating for the customer; cultivating learning agility; and decision making in complex environments.

Our Workforce Revolution strategy – one of the key pillars of Westpac Group's corporate strategy articulated in 2014 – has been designed to:

Identify and build our desired culture and behaviours

Attract and grow world class leaders and best in class talent

Build a highly capable workforce

Embed inclusion, diversity and flexibility

Use technology to transform and simplify HR systems and processes

Communicate our story and enhance our reputation

69%

Employee engagement score

High performer retention (%)

2016	95
2015	95
2014	96
2013	96
2012	96

To achieve the best results, we need to focus not only on what we learn, but how we learn, particularly as our employees' working days adjust to the pace of change. Towards the end of 2015, we introduced a new approach to our people's learning and development, LearningBank. This approach moves away from the traditional 'push' learning directed by the organisation to 'pull' learning which is self-directed, enabling our people to access the information and tools they need at the time it is most relevant. Since its launch, the number of employees actively accessing LearningBank has grown to 14,000.

LearningBank is not only enabling our people to have the right capabilities for their current role, but also for future roles. This will assist our organisation to better support longer term careers, recognise the diversity of skills and improve talent mobility across our organisation.

Across our various capability and leadership programs, our people attended around 987 workshops during the year, accessing more than 264,000 hours' worth of learning.

Changing how we work

More than 10,000 of our capital city based employees are now accessing new workspaces at Melbourne's Collins Street, Brisbane's Eagle Street and Sydney's Barangaroo and Kogarah. These new workspaces combine the best physical environment, tools, technology, systems and policies, along with a new working style based on agile principles, to drive greater agility, mobility, productivity and wellbeing. We have now also started work to apply the same principles in a retrofit of our workplace at Kent Street, Sydney. Employee surveys confirm this new way of working is improving collaboration, productivity and flexibility.

Measuring and rewarding performance
Recognising that some of our remuneration incentives were not in keeping with community expectations, we have introduced changes. In 2015, we were the first Australian bank to remove the link between product sales and base pay in our Enterprise Agreement. In September 2016, we announced the removal of all product-related incentives for our 2,000 Westpac tellers, replacing them with incentives tied to the quality of customer service. Read more in [Conduct and trust](#).

We also piloted a new employee performance management and reward system. Under the new system, we are increasing the emphasis on assessing our employees' behaviours as well as performance, and replacing annual goal setting and performance reviews with dynamic goal setting and regular performance discussions. The aim is to embed our aspirational culture by empowering our people to lift performance, develop a growth mindset, and reward people fairly based on behaviours and performance.

Employee engagement

Against this background of change and transformation, we conducted a Group-wide survey of employees' engagement during the year, which resulted in an employee engagement score of 69%. This compares to a global best practice engagement score of 77%³, so we are below where we would like to be.

On the positive side, the survey showed that our people feel inspired and motivated by Westpac Group's vision and values, and feel supported with flexible working and career opportunities.

There were also a number of areas in which many employees feel we need to improve. These include the belief there remain customer 'pain points' that are creating unnecessary obstacles

to delivering exceptional service; and that while people feel motivated by the Group's vision, they are not 100% clear on their individual part in realising it.

To address this feedback, a number of specific enterprise-wide actions are being taken, with a strong emphasis on new ways to empower and support employees to deliver exceptional service. These initiatives, along with the new capability, leadership and learning frameworks and a heightened focus on employees' wellbeing, aim to lift engagement in the coming year.

Inclusion and diversity

Fostering an inclusive environment that values and embraces diversity is another key tenet of future-proofing our workforce. During the year, we made further strides towards this ambition.

Inclusive leadership

We introduced an inclusive leadership program, iLead, which builds upon our existing unconscious bias program in place since 2013. Almost 500 of our senior leaders completed the program. We also saw a significant 58% increase in the number of employees completing our Indigenous Cultural Awareness module.

These programs recognise a common barrier to progress is often created by people being unaware that their unconscious actions, beliefs and words can have unintended, negative consequences for others.

To help track our progress, we introduced an Inclusion Index during the year, measured through our employee engagement survey. This will enable us to ensure our Inclusion and Diversity action plans are successful in fostering a more inclusive workplace in which people feel confident to bring their 'whole selves' to work.

3. According to Westpac Group's employee engagement survey provider, IBM Kinexa.



“I have valued Westpac’s leadership on cultural diversity and inclusion. Westpac has been part of an expert working group I set up last year, which developed a Blueprint on Cultural Diversity and Inclusive Leadership. The working group’s research found that cultural diversity is far from proportionately represented among the senior leaders of Australian organisations. I would like to see companies such as Westpac develop targets on cultural diversity. That would send a signal that this can and will be changed.”

Dr Tim Soutphommasane
Race Discrimination Commissioner
Australian Human Rights Commission

A flexible work environment

A survey during the year highlighted the percentage of employees using flexible work arrangements increased from 63% to 74% in the two years to 2016, with 71% males and 77% of females now working flexibly.

This reflects the introduction of All-in-Flex in June 2015, where every role in the Westpac Group is automatically considered flexible; along with the transition to an agile working style in our new corporate workspaces.

These initiatives add to Westpac’s longstanding commitment to flexible work, because we know flexibility improves productivity, engagement and wellbeing, and attracts talented employees. It also enables some people to work who may otherwise not be able due to caring, cultural or community responsibilities.

Gender diversity and women in leadership

Our ongoing focus on workforce gender diversity contributed to a further increase in the proportion of women in leadership positions to 48%, up from 46% last year. This brings us closer to our ambitious 50% target by 30 September 2017.

We are pleased with this progress, but recognise that in the most senior positions across the Group, the proportion of women is not where we would like it to be. In response, we set two additional targets: to increase the number of women in general management positions to 40% by 30 September 2017; and on our Board to 30% by 30 September 2018.

These targets are supported by a broad range of initiatives, including a policy that women make up at least 50% of candidate shortlists for the recruitment of all leadership roles and 50% of our graduate intake.

We also seek an equal balance of men and women on our high potential and core leadership programs, and offer bespoke programs to accelerate the professional development of our female leaders.

Strong public support for gender equality is fundamental to our ability to make progress and for business more broadly to move beyond the need for target-setting to an environment where true gender equality is achieved. To this end, we supported a number of internal and external advocacy initiatives. This included running the Westpac Women of Influence Awards in collaboration with Fairfax for the fifth consecutive year, along with our internal awards program; and hosting 60 events around our international network to celebrate International Women’s Day.

Embracing cultural diversity

A survey during the year showed an increase in cultural diversity across the Group since the previous survey in 2014, with more employees indicating they have a background other than Anglo-Celtic.

Notably, the proportion of Australian-based employees who identify as Indigenous Australian exceeded 4%. This is greater than the proportion in the broader Australian population which is estimated at 3% according to the latest 2011 Australian Bureau of Statistics Census data. We are committed to maintain or exceed parity in future, to ensure our employment population is truly reflective of the broader community.

While this progress is positive, our real measure of success is in ensuring we create an inclusive environment in which all employees feel supported to succeed and prosper in their careers, regardless of their background.

During the year, Westpac partnered with the Australian Human Rights Commission to launch a first of its kind cultural diversity blueprint, designed to provide guidance for leaders so they can better support Australia’s multicultural society and our global economy. Currently, less than 5% of ASX200 CEOs are estimated to have non-European or Indigenous Australian backgrounds despite making up around 32% of Australia’s population according to some estimates⁴. We are committed to playing a role in helping reduce this gap.

Inclusion for all

Beyond gender and cultural diversity, other initiatives were introduced to support people with different life experiences, ages, abilities, sexual orientation, thoughts and perspectives. This included the launch of the Carers@Work program, the first program of its type in Australia, designed to support carers balance their work and caring responsibilities. The program offers a series of workshops, a self-service portal with tools and resources, and one-on-one coaching. Almost 4,500 employees have participated in the program.

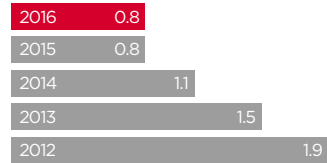
We also rolled out a program designed in partnership with external provider Sageco to help employees who are aged 50+ to create a plan for the future covering aspects such as identity, money, career and health. To date, 1,200 employees have participated. We hosted the launch of Australian Network on Disability’s newly developed access and inclusion index, designed to enable organisations to assess and improve accessibility across their governance processes, physical premises and the mindsets of employees.

4. Australian Human Rights Commission, *Leading for Change: A blueprint for cultural diversity and inclusive leadership*, 2016

74%

Proportion of employees using flexible work arrangements

Lost Time Injury Frequency Rate



Wellbeing

During the year, we introduced a new Group-wide strategy which brings a consistent, sustained approach to initiatives across the Group that support the wellbeing of employees.

The aim is to make wellbeing 'business as usual' by providing policies, tools and practices to equip our people to proactively address their own and their team's wellbeing. Initiatives span five factors that are known to contribute to an employee's wellbeing at work: family and community, finances, health, values and work.

Key features of the new Enterprise Agreement, effective from January 2016, highlight the seriousness we place on supporting our people's wellbeing. New measures under the Agreement include the introduction of one day of lifestyle and wellbeing leave per year, up to 12 weeks of purchased or unpaid flexible lifestyle leave per year, and ten days' paid leave per year to support employees experiencing domestic and family violence. This is in addition to other forms of leave.

Our employees' mental health continued to be a key focus during the year. We introduced a new mental health toolkit for employees and people leaders, which was developed in consultation with Heads Up. We also revised our mandatory health, safety and wellbeing workshops for all new people leaders to focus on wellbeing and care for our people. This includes providing knowledge and tools to help recognise and support employees in distress or experiencing mental health concerns.

We saw a rise in the number of employees utilising counselling and support through our Employee Assistance Program (EAP) from 5.24% to 6.39%, reflecting a growing preparedness for our people to seek help when they need it. We have been strongly encouraging employees to take up these services as a proactive strategy for managing wellbeing risks and helping our people to flourish. We also expanded the services available through our EAP to address the unique needs of people experiencing domestic or family violence, by offering access to a dedicated support service delivered by specialist clinicians.

Recognising the crucial role that a healthy and safe environment plays in our employees' wellbeing, our new corporate offices in Sydney, Melbourne and Brisbane incorporate best practice ergonomic and environmental standards. The design of these major workspaces has incorporated elements which aim to meet the highest Six Star Green Star rating by the Green Building Council of Australia, recognising that good indoor ecology provides a safer and more productive work environment.

All of these initiatives, combined with an ongoing Group-wide focus on physical risk-minimisation initiatives, have enabled us to keep our overall lost time injury frequency rate at 0.8, improve our Wellbeing WorkAbility Score and improve other core measures.



Employee's idea helps working families

When Westpac employee Kate Holloway encountered something she thought was wrong, she decided to speak up. That helped to spark a change in procedures, which is now benefiting hundreds of working families.

While Kate was recently on parental leave from her role in Westpac's marketing team, one topic in particular kept surfacing during conversations among friends.

"I kept hearing about how mothers on parental leave were having trouble getting home loans approved because banks didn't recognise their parental leave entitlements or return to work income," Kate said.

"That didn't seem right to me," she said.

"It seemed like these parents were missing out on opportunities to buy homes just because they were taking time out to look after their newborns, despite the fact they'd soon be returning to their jobs and earning incomes again at the end of their leave."

When Kate returned to work, she decided to find the right people in the bank to see what could be done.

"I had great conversations with people in the product design, legal and credit teams, and got a much better understanding of why the procedure was as it was, particularly in relation to responsible lending obligations," Kate said.

"What became clear was that we all agreed community expectations and return to work rates had changed, with Westpac's own return to work rate at around 95%. Working families wanted and deserved an even playing field

when it came to renovating, upgrading or buying a new property.

"There was a real opportunity for Westpac to set a new industry benchmark," she said.

From that moment, a wide team of specialists worked quickly together on a new approach – including those from Westpac Women's Markets, Legal, Credit, Product, Marketing and the Group Executive.

As a result, Westpac Group is the first bank to recognise paid parental leave and return to work income as standard operating procedure when assessing a person's capacity to repay. Customers simply need to confirm a return to work date and income to demonstrate they can afford repayments.

More than 500 families have benefited from the new procedure.

"What excites me most is that it didn't matter what part of the bank I worked in," Kate said.

"I was able to speak up about a problem I was hearing from customers and then work as part of a team to bring about an improvement that is helping families across Australia."

The move also builds on Westpac's proud history of supporting women and families to achieve their financial goals. In 1995, Westpac was one of the first publicly listed companies to introduce paid parental leave and in 2010 was the first to introduce superannuation on unpaid parental leave for employees. These industry-leading initiatives had flow on effects throughout corporate Australia.



5. Positive societal impact

The gap between the richest and poorest in Australia and New Zealand is widening. Social and economic challenges are being exacerbated by rising youth unemployment and deteriorating housing affordability.

At the same time, global warming is expected to have significant physical, social and economic implications for our communities.

The urgency to meet these challenges has created a groundswell of collaboration, bringing together entrepreneurial skill, innovation, energy and investment, to unleash fresh approaches.

As one of our region's largest financial institutions, we are well positioned to apply our skills, expertise and resources to help meet these challenges. After all, a bank can only prosper if the economy is prospering.

Relevant United Nations Sustainable Development Goals



Why is this important?

Australia and New Zealand face a number of significant social and economic challenges.

Despite more than two decades of economic growth, Australia's prosperity has not been shared evenly. Our nation's income inequality is above the OECD average¹. A person in the top 20% wealth group has around 70 times more wealth than a person in the bottom 20%. If wealth continues to move into the hands of fewer people, we risk entrenching social and economic divisions and destabilising the economy and sense of community.

At the same time, every year, Australia spends \$510 billion on welfare, health and education programs, which is almost one third of Australia's gross domestic product². This figure is set to rise, primarily due to the challenges associated with our ageing population.

Housing is becoming less affordable. It's estimated that around 975,000 low-income households across Australia are in either rental or mortgage stress and around 187,500 households are on waiting lists for public and community housing³.

Today's young Australians are projected to be the first generation to have lower standards of living than their parents, and there remain many Australians, New Zealanders and Pacific Islanders who lack access to basic financial services.

Compounding these immediate social and economic challenges are the impacts expected from global warming. A recent report estimates that if climate change is left unchecked, the losses to the world's current stock of managed assets will be \$4.2 trillion⁴. The social dislocation associated with these losses is huge.

Collaborative solutions on the rise

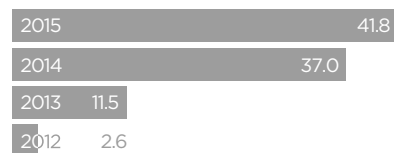
Governments cannot solve issues of this scale and complexity alone. There is growing global consensus that tackling these challenges requires greater collaboration between businesses, social enterprises and governments, bringing together entrepreneurial skill, innovation and investment for purpose.

This thinking has generated a growing push for creating positive impact around the world, including the development of the [Sustainable Development Goals](#), a growing appetite for impact investment, the rise of the social enterprise market, and greater enthusiasm in the private sector to do business differently to create 'shared value'.

1. Australian Council of Social Service report, *Inequality in Australia 2015*, published 2015
 2. PwC report, *Australia's social purpose market: Understanding funding flows and exploring implications*, April 2016
 3. Australian Government Council on Federal Financial Relations, *Affordable Housing Working Group: Issues Paper*, January 2016
 4. The Economist Intelligence Unit, *The cost of inaction: recognising the value at risk from climate change*, 2015

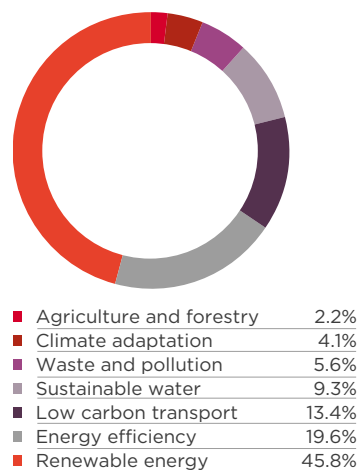
Global annual green bond issuance continues to grow
(USD billions)

Source: Climate Bond Initiative



2015 global green bond proceeds (%)

Source: Climate Bond Initiative



Growing appetite for sustainable investments

Global demand for impact investments, such as green and social benefit bonds, has rapidly grown over the past few years. More than US\$41 billion in green bonds were issued worldwide in 2015, from US\$11.5 billion just two years before, according to the Climate Bond Initiative. The social benefit bond market is in an earlier stage of development, but is also experiencing rapid growth. It's expected that Australian impact investors will triple their portfolios in the next five years⁵.

For governments, social bond issuances are a powerful way of mobilising private capital for public good, encouraging innovation to drive successful interventions and increasing the efficiency of cost allocation.

Rise of social enterprise and procurement

An estimated 20,000 social enterprises are now operating across all industry sectors in Australia⁶, providing innovative business and trade solutions that intentionally tackle social problems.

Enthusiasm is also emerging for social procurement, whereby organisations use the purchasing power of their supply chains to support a social outcome when they buy a good or a service.

It is estimated the procurement market in Australia includes over \$150 billion per annum in government purchasing of goods and services and a further \$500 billion per annum in private sector purchasing. This represents a significant opportunity, but requires greater uptake, and broader understanding and quantification of the benefit and value created by these actions amongst corporate, government and consumer buyers.

Tapping leadership potential

While many entrepreneurs have opened the right doors to start driving positive change, there are many others whose ideas and passion are waiting to be unleashed. For example, long term funding is scarce for early career researchers, although history shows that many life-altering breakthroughs come from the work undertaken by these individuals.

Similarly, business leaders have the potential to create a multi-billion dollar impact on the nation's economy, according to the Westpac Businesses of Tomorrow report by Deloitte Access Economics. The report found an opportunity of about \$70 billion exists for Australia by harnessing business leadership potential. It showed this would translate into a 4% increase in the nation's GDP and lift our ranking from 19th to 14th in the world, with a \$3,000 annual benefit for every Australian.

How are we responding?

As a major financial institution in our region, we are positioned well to apply our skills, expertise and resources to address societal challenges and create genuine positive impact. After all, a bank can only prosper if the economy is prospering.



5. Impact Investing Australia, 2016 Investor Report, 2016

6. Social Traders, Finding Australia's Social Enterprise Sector 2016: Analysis, 2016

Positive impact continuum

To create the greatest, most sustainable impact, we channel our efforts across a broad spectrum of mechanisms, in collaboration with a variety of stakeholders. We view this as a positive impact continuum. At one end are our philanthropic initiatives, including charitable donations, community grants and employee volunteering. As we move through the continuum, our initiatives are more geared towards creating greater shared value, including proactively lending to customers that are creating positive social solutions, creating investment solutions for investors aligned to their values, and making our money count by procuring goods and services from businesses owned by underrepresented groups.

\$21bn

Positive impact financing

The value of our financial services directed towards creating positive impact at 30 September 2016, including lending to the CleanTech and environmental service sector, as well as banking services for Indigenous Australian customers and those operating in the social sector



2016 Highlights

\$6.2bn

Total exposure to the CleanTech and environmental services sector reached

\$1.05bn

Lending to social and affordable housing sector reached

Introduced an Energy Efficiency Finance Program for business and commercial customers

>1,000

Number of businesses established or grown through Many Rivers microfinance partnership

Lending and banking solutions

One of our greatest opportunities to tackle society's challenges is by partnering with and directing lending towards customers with innovative solutions.

Environmental lending and banking solutions

In 2013, we set a goal to make available up to \$6 billion to grow the CleanTech and environmental services sector, by 2017. At 30 September 2016, our total committed exposure in this portfolio reached \$6.2 billion, up from \$6.1 billion in the previous year. This finance is directed to activities such as renewable energy, green buildings, forestry, energy efficiency and green businesses.

The increase was achieved despite introducing more stringent criteria in 2015 for the green buildings we include in this portfolio, in line with property best practice. While we are proud of exceeding our target ahead of schedule, we know that much greater investment is needed in future years.

We also introduced an Energy Efficient Finance Program supported by the Clean Energy Finance Corporation. The program gives small businesses access to an end-to-end solution, with advice from energy efficiency specialists Verdia, to fund and install energy efficient equipment to tangibly reduce energy bills and improve their environmental performance. (Read this [case study](#)).

In New Zealand, we provided an innovative financing solution to SolarCity, which enabled them to introduce the country's first Solar Energy Services Facility, solarZero. Rather than buying a solar system for their homes, customers pay a low, fixed monthly fee for a system that SolarCity manages. This provides an affordable solution to access inflation-free solar energy and improved home energy efficiency.

We also launched an Energy Efficiency Lease product in New Zealand to reduce the upfront costs for businesses of investing in electric vehicles. This complements our commitment to transition 30% of our New Zealand fleet to plug-in electric vehicles by 2019.

Investment in social and affordable housing sector

We set a goal to invest and lend up to \$2 billion to grow the stock of social and affordable housing, by 2017, to help address the housing crisis. At 30 September 2016, our lending had reached \$1.05 billion.

While this represents an increase from the previous year, it is not at the level we would like it to be. This is in large part due to the lack of scale and maturity of the sector, with most opportunities being bespoke and/or project specific impeding the ability to drive innovative financial investment in a sustainable, scalable and replicable way. We remain committed to helping the sector to address these issues and continue to work collaboratively with community housing providers, relevant government departments and agencies and other industry stakeholders.

We saw the greatest momentum in NSW, where the state government released a comprehensive policy, Future Directions for Social Housing in NSW. If implemented well, this should lead to considerable progress in tackling the NSW social housing waiting list which has now reached 60,000 households. Of note, the government is implementing initiatives to identify innovative financing solutions to drive private sector investment in a scalable and replicable way. They have also indicated an interest for private sector investment in social housing through social impact investments. While these funding methods are complex, we believe the growing understanding and level of interest in the social

and affordable housing sector from a broad spectrum of potential investors, means deals of greater scale can now be contemplated as a valuable source of financing for the sector.

We are pleased to report our continuing support for Westpac's largest single community housing finance deal with SGCH in 2014 facilitating the ongoing construction of 275 new dwellings across the Sydney metropolitan area. We have also provided traditional property construction finance to a number of smaller community housing providers in Australia and New Zealand, and expect similar opportunities to arise in the future.

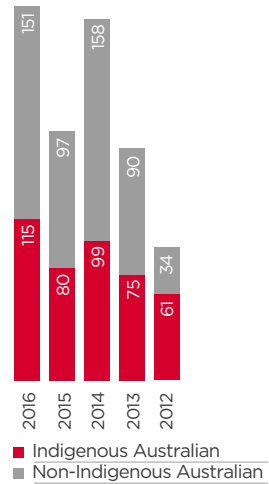
Indigenous Australian economic development

We recognise that by supporting Indigenous Australian-owned businesses, we are also supporting employment and economic development opportunities for Indigenous Australian people and communities. During the year, our Indigenous Business team focused on forming deeper relationships with and improving access to finance for Indigenous Australian businesses, working collaboratively with peak Indigenous business organisations.

In addition, we worked closely with the Department of the Prime Minister and Cabinet to assess Indigenous Economic Development Fund applications. This provides Indigenous Australian organisations with an opportunity to access commercial based loan arrangements in addition to a Federal Government grant for skills development, professional consultancy and broader business acumen. To date we have funded seven applications to the value of \$4.5 million. As part of this process, we also signed a five year agreement with Murdi Paaki Regional Assembly to provide economic development education and personal financial literacy training.

Funding microbusinesses

Businesses established or expanded with support from Many Rivers Microfinance



The Westpac Climate Bond issued in May 2016 raised \$500 million to fund renewable energy facilities and low carbon commercial properties.

The renewable energy projects funded by the Westpac Climate Bond are capable of producing an estimated 2,400 megawatt hours of energy per annum.

That is enough power for around 450,000 average Australian households, and avoids approximately 2 million tonnes of carbon emissions per year.



2,400 MWh



450,000 households

These actions contributed to a 17% increase in the number of Indigenous owned businesses within our customer base.

In line with the commitments set out in our Reconciliation Action Plan, for many of these businesses, we offered board members and staff access to free financial governance workshops and general financial literacy through Westpac's school of money, the Davidson Institute.

We have also increased the number of Indigenous Australian businesses from which Westpac buys products and services. In 2016, our supply chain spending directed towards Indigenous Australian suppliers totalled \$1.6 million, bringing us closer to our 2017 target of \$3 million.

Microfinance to support microbusinesses

In 2016, the number of businesses established or expanded through our Many Rivers microfinance partnership exceeded 1,000, of which almost 50% are owned by Indigenous Australians. Many Rivers offers microenterprise development support and access to small unsecured Westpac business loans to aspiring entrepreneurs who, due to their circumstances, would otherwise be unable to access mainstream bank finance.

Westpac and Many Rivers have provided \$5.9 million in unsecured business loans since 2009 to business owners in 25 locations across the country with an emphasis on regional and remote communities. Recognising the success of the Many Rivers approach, Westpac announced a further \$2.25 million in funding over three years. This will allow Many Rivers to support more aspiring business owners across Australia.

2016 Highlights

\$500m

Issued \$500m
Westpac
Climate Bond

Improved
performance
evident in year
three of five-year
Social Benefit Bond

Developed
sustainable model
for Private Portfolio
Management clients

Sustainable and impact investment solutions

Appetite for impact investment opportunities remained relatively strong during the year, however investment conditions were tough. We were pleased to bring to market our first directly issued Climate Bond, adding to our growing list of positive impact instruments for investors.

Climate bonds

We issued the Climate Bond in May 2016, raising \$500 million to fund renewable energy and low carbon commercial property in Australia. This initiative is providing investors a high-grade fixed income investment, with the funding allocated to seven wind energy facilities and five low carbon commercial properties, all certified under the Climate Bonds Standard (v1). In addition, the commercial properties are rated five-stars or higher under the NABERS rating system.

While this was the first climate bond to be directly issued by Westpac, it was the second we have brought to the Australian market, following Westpac Institutional Bank's lead management role in the first ever Kangaroo Green Bond issued by the World Bank in April 2014.

Social benefit bonds

While both state and federal governments across Australia have indicated strong interest in introducing more social benefit bonds as a mechanism to address intractable challenges, few proposals came to market during the year. As part of our membership on the NSW Government's Expert Advice Exchange, we provided pro bono advice on the viability of a number of social impact project proposals during 2016, including program design, strategy, funding strategies and risk management.

We continued to be actively involved in supporting the success of the program established with the \$10 million raised through Australia's first social benefit bond, the Resilient Families Service. This pilot social benefit bond was launched in 2013 as a partnership between Westpac Institutional Bank, Commonwealth Bank and the Benevolent Society. The Resilient Families Service aims to reduce the number of children entering foster care. While we have only recently reached the midpoint of this five-year program, early results are positive. We will continue our active involvement to guide success for program participants and investors.

The knowledge gained from this pilot is helping guide the program design of future social impact bonds to ensure the best possible outcomes, both financial and social. What we learnt from this project has provided valuable intelligence to both the Queensland and Victorian governments, each of which has sought our thoughts on the structure of their own initiatives.

Sustainable investing tools

BTFG launched a new sustainability-themed model portfolio for Private Portfolio Management (PPM) clients. The PPM Sustainable Portfolio seeks to deliver long-term returns by investing in companies with solid financial, ethical and sustainability characteristics, and bolsters BTFG's suite of existing sustainability-themed investment offers.



“The significance of this certified green bond from Westpac, with its underlying mix of clean energy and low carbon property assets, is compelling. A leading Australian bank, all Australian assets, going to international markets with a best practice green bond offering is a major development. Westpac has a high global profile on sustainability issues; this move into green bond markets will add to that profile and encourage other potential bank based issuers to follow their lead.”

Sean Kidney
CEO and Co-Founder of
the Climate Bonds Initiative

2016 Highlights

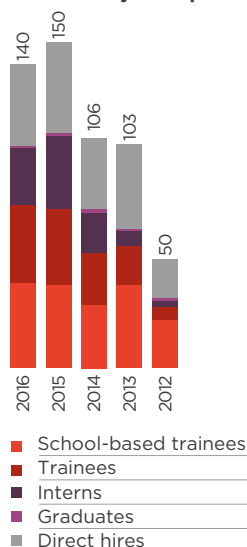
Introduced a Supplier Inclusion and Diversity Policy

\$1.6m Supply chain spending directed towards Indigenous Australian businesses grew 32% to \$1.6m

Partnered with CareerSeekers to provide internships to asylum seekers and refugees

4% Recruited an additional 140 Indigenous Australians, with more than 4% of workforce now identifying as Indigenous Australian (greater proportion than in the broader Australian population)

Indigenous Australians recruited by Westpac Group



Leveraging our supply chain and workforce

Social procurement and supplier diversity

Westpac has long recognised the substantial opportunities available to drive positive social change through the Bank's 30,000-strong supply chain. By buying products and services from businesses driven by a social or environmental mission, or that support people from minority or underrepresented backgrounds, we gain quality services while contributing to economic development where it is needed most.

To date, our efforts have been focused on increasing the number of Indigenous Australian businesses from which we buy products and services, in line with the commitments of our Reconciliation Action Plan. In 2016, we spent \$1.6 million with Indigenous Australian suppliers, bringing us closer to our 2017 target of \$3 million.

During the year, we released a new Supplier Inclusion and Diversity policy, which formalises our aspirations and broadens our focus to include social enterprises, B-corporations, businesses owned by women and disability enterprises. A number of initiatives are now underway to attract more suppliers, including improving Westpac's internal processes and providing capacity building programs to set diverse businesses up for success, building the scale and relationships required to establish themselves as suppliers to major Australian corporations.

We also amplified our engagement with organisations such as Supply Nation, WeConnect and Social Traders to tap into their membership bases and hosted internal exhibitions to create connections between Westpac Group employees and the organisations the Bank aspires to do business with.

We believe our approach to supplier diversity will not only create value for the businesses we buy from and economic wellbeing for the people they support, it will also improve Westpac's access to new markets, customers and talented employees in diverse communities. It is also a way to encourage suppliers to value inclusion and diversity within their own operations.

Employment opportunities

As one of our region's largest employers, we are well positioned to offer jobs and employment experiences to help support the financial and social inclusion of people who are traditionally underrepresented in the workforce.

During the year, we were a trailblazing partner with the newly created social venture, CareerSeekers, to provide internships to asylum seekers and refugees. CareerSeekers facilitates 12-week paid internships for refugees and asylum seekers who are students or mid-career professionals. The aim is to match interns with roles that utilise the qualifications and expertise they bring from their country of origin, while providing local experience, networks and references. Due to the mutual success of the first three CareerSeeker placements at Westpac, we are currently looking to place more CareerSeekers interns across the business.

This program is based on the successful model introduced by sister program, CareerTrackers Indigenous Internships. Via CareerTrackers, to date more than 88 Indigenous Australian university students have participated in internships at Westpac. We have committed to offering CareerTrackers internships to at least 400 students over the decade to 2025, with the ultimate goal of ensuring that as many of these as possible take on permanent employment across the Bank following the completion of their studies. We also piloted a high school to university student transition program as part of our partnership with CareerTrackers. Ten high school leavers participated in summer internships, after which all participants commenced their university education.

During the year, an additional 140 people who identified as Aboriginal and Torres Strait Islander joined our workforce. Now, more than 4% of our Australian based employees identify as Indigenous Australian, which is greater than the proportion in the broader Australian population.

2016 Highlights

\$2.5m

Value of scholarships and fellowships awarded by Westpac Bicentennial Foundation

2,921

Employment pathways created by social enterprises backed by Westpac Foundation, including 839 jobs

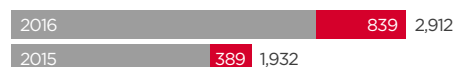
Launched Westpac Foundation's Social Scale-Up Grant program

100 years

Time given by the 750 employees who have participated in Jawun Indigenous Community secondments reached the equivalent of 100 years

Launched Businesses of Tomorrow program to identify and invest in businesses

Number of employment pathways and jobs



- Number of jobs
- Number of employment pathways (cumulative)

Grant making, scholarships and capability building

Our grant making and social leadership programs aim to overcome barriers that prevent some people from participating and sharing in our nation's wealth. In doing so, we can play a part in changing the current trajectory of rising inequality and sow the seeds of a fairer, more inclusive and prosperous society.

Largest corporate scholarship fund

The first 100 scholars and fellows were announced by Westpac Bicentennial Foundation, in April 2016, to mark the Group's 199th anniversary. We remain on track to announce the next 100 scholars by April 2017, bringing the total number of Westpac Scholars to 200 to coincide with Westpac Group's 200th anniversary.

Launched in 2014 as a gift to Australia to mark the bicentenary, a one-off contribution of \$100 million enabled the creation of the Westpac Bicentennial Foundation. This is the single largest corporate education scholarship program in Australia's history, and aims to fund 100 new scholarships every year, forever. The program aims to support individuals from a wide diversity of backgrounds, with the potential to shape Australia's future, particularly in relation to technology and innovation, deepening Australia's ties with Asia, and tackling entrenched social issues.

New grant program to back social enterprises

Westpac Foundation introduced a new grant program during the year, Social Scale-up, building on our previous grant programs. This is designed to back not-for-profit social enterprises with proven models for creating jobs and employment pathways for Australians

who need it most, especially those making a measurable difference to Indigenous Australians, refugees and asylum seekers, women at risk, youth at risk, homeless people or those living with disability. Successful organisations receive \$300,000 over three years, plus 'More than Money' non-financial support from our employees such as business mentoring, to help improve their capacity to scale-up for increased social impact.

Westpac Foundation, which is in its 137th year, has been funding social enterprises for 10 years. In the past two years, this funding has catalysed the creation of more than 2,900 employment pathways, including 839 jobs, for people experiencing disadvantage. In total, through all its grant programs, Westpac Foundation has awarded more than \$30 million since 1999.

New program to back Businesses of Tomorrow

Westpac launched its Businesses of Tomorrow program during the year to support business potential through recognising 200 Australian businesses, both large and small, which are doing well today, and have the potential to change the face of the nation. The businesses will be chosen based on criteria such as their contribution to customers and the community, current strengths and vision for the future. A group of 20 businesses will be selected for international study tours, mentoring and \$100,000 in professional services. This program is open to all Australian businesses, not just Westpac customers.

Westpac developed the program to help leaders in acquiring the skills they need today to empower them to succeed tomorrow. It's our hope that finding and fostering these businesses will help drive Australia's prosperity for the benefit of all Australians.

Helping kids out of poverty in New Zealand

Westpac New Zealand became a founding partner in the Middlemore Foundation's Mana-ā-riki project, which is designed to tackle the cycle of poverty in which many children in New Zealand are living. The program is being piloted in Papakura in South Auckland, working in collaboration with the community through six schools. In addition to improving the participants' health, the students have better access to digital devices along with an innovative curriculum to equip them with skills for a digital world. Interim results of the program are positive, with full results expected to be published in early 2017.

90%

Proportion of employees who volunteered their skills that say they experienced professional development as a result of volunteering

\$51m

Charitable donations of our employees which have been matched by Westpac dollar-for-dollar through Matching Gifts, since the program was introduced in 1998

Distributions from our five philanthropic foundations (\$6.5m)



- Community grants - locally focused \$1.7m
- Community grants - organisations supporting children \$1.9m
- Retired employee hardship grants \$0.1m
- Scholarships \$2.5m
- Social enterprise grants \$0.3m

Social leadership

We actively encourage our employees to share their skills - whether it's finance, marketing, HR, business planning or other professional skills - with organisations making a positive difference in their communities.

Our employees can choose a skilled volunteering path that suits them, from long term mentoring of organisations that have received Westpac Foundation grants, to completing once-off projects that improve a charitable organisation's business systems, to participating in six week secondments working with Indigenous Australian community organisations. We refer to this approach as 'social leadership', promoting skilled volunteering as a career development opportunity, and providing leadership experiences for employees.

Results from a survey of employees who undertook skilled volunteering with organisations backed by the Westpac Foundation during the year showed that 86% felt more engaged in their work as a result of their volunteering, and 90% felt it also helped them develop professionally. These results demonstrate the shared value this program provides for Westpac Group employees.

Since Westpac co-founded Jawun Indigenous Corporate Partnerships over 15 years ago, the time shared by Westpac Group employees on secondment in Indigenous Australian community organisations through the program surpassed the equivalent of 100 years. Over 750 of our employees have been supported by the bank to take up secondments of between six to 12 weeks, to share their professional skills and build capacity in Indigenous Australian organisations.

A recent independent report by KPMG highlighted that 70-90% of Jawun's Indigenous partners reported a positive uplift in areas including organisational culture, planning, governance, systems and skills development. It also found that 92% of returned secondees experienced personal growth and 72% reported a substantial increase in their knowledge and understanding of Indigenous people.

Financial literacy

Almost 60,000 people completed financial literacy training through programs offered by Westpac Group across Australia New Zealand and the Pacific.

Surveys following financial literacy workshops held by Westpac's Davidson Institute in Indigenous Australian communities indicated 68% of participants believed their overall financial confidence improved as a result.

Community giving and philanthropy

Charitable donations

Westpac's Matching Gifts program, now in its 17th year, is the Group's largest corporate giving initiative. Every dollar donated to charity by employees is matched by Westpac Group through the program, enabling the charities to receive double the amount of the initial donation.

For the 2015/16 year, Westpac Group and its employees donated \$5.37 million to 670 Australian-registered charities. This brings to a \$51 million the total amount donated to 1,820 charities through the program since it was established in December 1998.



"The Sustainable Development Goals lay out the most ambitious plan ever agreed for a sustainable future, and business is critical to achieving the goals. We were delighted to have Westpac's CEO join with other Australian business leaders to publicly support the SDGs. It's great to now see Westpac taking that commitment forward, finding relevant and strategic points in the agenda to connect with and contribute to, and exploring how to use the SDGs to identify opportunities for scaling up impact."

Alice Cope
Executive Manager
Global Compact Network Australia



Wearable technology to fight Australia's national cancer

Early career researcher Associate Professor Antonio Tricoli was one of the first 100 Westpac Scholars selected by the newly established Westpac Bicentennial Foundation. His Westpac Research Fellowship, co-funded by The Australian National University, is helping to fund his dream of applying nanotechnology to fight against Australia's national cancer, melanoma.

When Italian-born Antonio Tricoli came to Australia four years ago, he noticed he was more susceptible to burning in the harsh Australian sun.

As he looked further into this phenomenon, he discovered Australia has one of the highest rates of melanoma in the world, causing an estimated 1,500 Australians to die each year. That's one person every six hours. As a scientist, Antonio has always loved solving problems, and tackling 'Australia's national cancer' was a problem definitely worth solving.

With its main preventable cause being overexposure to ultraviolet (UV) radiation from the sun, Antonio is applying his expertise in nanotechnology to detect the rays that are most dangerous to humans.

"My goal is to engineer low-cost UV light detectors for wearable electronics, such as smart watches, sport and protective equipment, to allow continuous monitoring of UV light exposure," Antonio said.

"The detectors will be so small that they could be integrated in the clothes we wear,

even our swimming suits. When the UV rays become harmful, we would get a warning sent to our smart phone or smart watch that tells us, alright you need to be careful."

Co-funded by The Australian National University, the Fellowship is providing the critical funding needed to progress Antonio's research to a potentially commercial level.

"Without the Fellowship I wouldn't be able to work on this technology," he said.

"If this work can help, even a little bit, to save lives, then I will be very happy to spend my life trying. It's nice that I can give something back that will help Australians enjoy the beautiful outdoors as safely as possible."

Antonio was one of four outstanding early career researchers to receive the inaugural Westpac Research Fellowship during the year, the first of its kind in Australia. Westpac Bicentennial Foundation has collaborated with Australia's leading research universities to offer a holistic package of support for early career researchers, with a financial value of around \$2.5 million.

Westpac Bicentennial Foundation was launched in 2014 with a one-off contribution of \$100 million to fund 100 scholarships a year, forever. Established as a gift to the nation to mark Westpac's bicentenary next year, it's an investment in people from all walks of life, like Antonio, with the ideas and potential to shape a better future for all Australians.

6. Value chain risk

Sustainable business practice for Westpac includes the impact we have through our value chain – our customers, suppliers and the companies in which we invest.

There are a range of initiatives internationally and here in Australia which aim to drive best practice in value chain risk management and disclosure. Climate change and human rights have been particularly prominent issues this year, as in recent years.

Westpac presents the findings of our first phase of work to analyse the risks and opportunities of transitioning to an economy that limits global warming to less than two degrees, ahead of the refresh of our Climate Change Position Statement next year. We also commit to reporting our approach and progress on human rights applying the UN Guiding Principles Reporting Framework from 2017.

Relevant United Nations Sustainable Development Goals



Why is this important?

What value chain risk means for Westpac

For Westpac, operating sustainably is not just about managing our own operational footprint. It extends to the impact we have indirectly through our value chain – our customers, suppliers and the companies in which we invest funds through our wealth management business BTFG. We make active decisions about who we lend to and buy from, taking into account their sustainability risk profile, and we work with them to encourage the adoption of responsible and sustainable business practices – where appropriate developing products and services which will assist. In BTFG, we also carefully consider the full range of risks relevant for our investments, in line with our fiduciary duty and as part of our responsible investment approach. Sustainability risk as it relates to our value chain is otherwise known as ‘environmental, social and corporate governance’ or ‘ESG’ risk.

Financial services and value chain risk

The importance of value chain risk management in financial services continues to gain prominence internationally with standards emerging for the management and disclosure of risk, and multi-stakeholder projects designed to share best practice on value chain risk analysis.

Of note during the year was the release of the Guidelines on Responsible Financing by the Association of Banks in Singapore and the Environmental Risk Analysis workstream of the Green Finance Study Group established under China’s Presidency of the G20. This analysis, into which Westpac provided insights from our own experience via G20 lead knowledge partner, the Cambridge Institute for Sustainability Leadership, involved a global stocktake of environmental risk practices by financial institutions to assess whether further action is needed to better embed such analysis in mainstream financial decision-making.

Meanwhile the investment community continued to mature its approach to value chain risk with the Responsible Investment Association of Australia reporting that AU\$633.2bn (47%) of professionally managed assets in Australia, and NZ\$78.7bn of professionally managed assets in New Zealand (reflecting a 28% year on year growth in New Zealand) had adopted some form of responsible investment approach as at 31 December 2015.



“We recognise Westpac’s long-standing leadership in addressing climate issues and welcome its commitment to supporting the transition to an economy that limits global warming to less than two degrees. The 2016 edition of The Climate Institute’s long running benchmark Climate of the Nation has shown there is a strong desire amongst Australians for action on climate change and that many can see economic opportunity in a clean energy future. We look forward to Westpac’s updated Climate Change Position Statement in 2017 which we expect to include even more ambitious clean energy targets and a clear path for Westpac in supporting the required transition towards net zero emissions.”

John Connor
Chief Executive Officer
The Climate Institute

Prominent issues during the year

The nature of sustainability risk and its importance to business value is influenced by the interests and expectations of stakeholders, which need to be carefully monitored.

During the financial year, climate change remained a central issue for our stakeholders with the 21st Conference of the Parties of the UNFCCC held in Paris in December 2015. This resulted in the Paris Agreement – adopted by 195 countries committing to ‘holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels.’

Following on from the Paris Agreement international discussion ensued on what society needs to do to transition to a low carbon economy with scientific and economic experts around the world releasing analyses to further our collective understanding. This included for example the ‘Deep Decarbonisation Pathways Project’ – a global collaboration of energy research teams from sixteen high emitting countries, including Australia, which released its synthesis report in December 2015, charting practical pathways to deeply reduce greenhouse gas emissions.

Here in Australia, the Climate Change Authority completed its Special Review of Australia’s climate goals and policies, requested by the Minister for the Environment. In its third report released in August 2016, it recommended a toolkit of policies Australia should adopt to implement the outcomes from the Paris climate change agreement.

Discussion also progressed overseas and in Australia on the relevance of climate risk to financial system stability and the importance of climate-related disclosures by business. An industry-led Task Force on Climate-related Financial Disclosures (TCFD) was established, Chaired by Michael R. Bloomberg, involving 31 users and preparers of disclosures from across the G20’s constituency working together to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.

During the year we received a number of letters from our customers, shareholders and members of the broader community regarding our approach to climate change. Topics included:

- encouragement for Westpac to extend our support for renewable energy projects in Australia;
- queries regarding our process for lending to companies and projects involving the extraction of fossil fuels; and
- how BTFG approaches ESG issues in its investment portfolio.

Human rights also remained an important area of focus during the year. Companies obligated under the UK’s Modern Slavery Act 2015 responded to requirements for transparency over slavery and human-trafficking in supply chains, and there was growing momentum towards a National Action Plan (NAP) for the implementation of the UN Guiding Principles on Business and Human Rights with business roundtables convened by the Global Compact Network Australia and Department of Foreign Affairs and Trade. Through our public recognition of the UN Guiding Principles on Business and Human Rights in 2015, we are committed to reporting our approach and progress, applying the UN Guiding Principles Reporting Framework from 2017.

Our response

Enhancing our policy framework
Further enhancing our Sustainability Risk Management Framework



Analysing climate change risks and opportunities
Assessing the implications of transition to a low carbon economy



Developing products
Helping our customers to manage their own sustainability risk



Disclosing sustainability risks
Supporting and demonstrating best practice



Financing the transition
Lending for a low carbon economy



Managing supply chain risk
Strengthening our approach

How are we responding?

We are actively identifying, managing and disclosing value chain risk in our lending, investments and supply chain in the following way.

Enhancing our policy framework

We apply Westpac's Sustainability Risk Management Framework ('our Framework') to the identification, assessment and management of sustainability risks right across our organisation - including to decisions related to our customers and suppliers. Our Framework as it relates to our lending activity is summarised publicly in 'Westpac's Approach to Sustainable Finance'. This year we continued to enhance our Framework, refreshing a number of our sensitive sector position statements, for example:

- In our refreshed position statement on sustainable energy, we committed to 'finance activities in the energy system in a manner consistent with supporting an economy that limits global warming to less than two degrees, based on the outcomes of research into the carbon intensity of our activities'. We brought our approach to banking and lending to upstream fossil fuels and downstream power generation into a single statement reflecting the holistic way that we view our support for this transition. We also committed to actively reduce the emissions intensity of our exposure in the power generation sector over time.

- In our refreshed position statement on the defence sector, we extended and clarified our position of not providing financial services to entities involved in controversial weapons, defining this to cover all those weapons banned under international agreements ratified by Australia (cluster munitions, anti-personnel land mines and chemical and biological weapons).

Analysing climate change risks and opportunities

Further to our commitment on supporting the transition to an economy that limits global warming to less than two degrees, during the year we completed phase one of our analysis of climate change risks and opportunities, supported by experts EY and ClimateWorks Australia (see page 52). Following on from this phase of work, we are conducting 'deep dive' reviews of a number of key sectors and will release our refreshed Climate Change and Environment Position Statement in the first half of 2017.

Developing products

An important part of our approach to sustainability risk management is encouraging our customers and supporting them in managing their own sustainability risks. This year, we introduced an Energy Efficient Finance Program with energy efficiency specialists Verdia and supported by a financing arrangement with the Clean Energy Finance Corporation. The program gives businesses access to an end-to-end solution to fund and install energy efficient equipment to reduce their energy costs and improve their environmental performance.

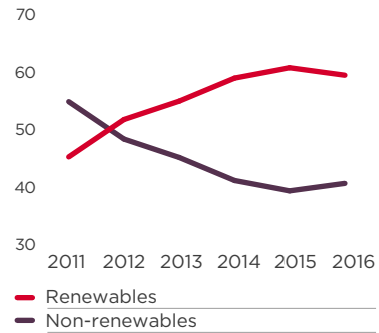
Disclosing sustainability risks

Westpac Group continues to look at ways to improve our own disclosure, ensuring we are leading best practice internationally, and to share our own experience with organisations that are working to develop best practice standards in this area. This year we continued our engagement with the UNEP FI Portfolio Carbon Initiative and the Australian sub-group to share insights and alternative approaches that will enable financial institutions to measure and disclose their climate performance, with the aim of demonstrating how we will support the transition to a lower-carbon economy.

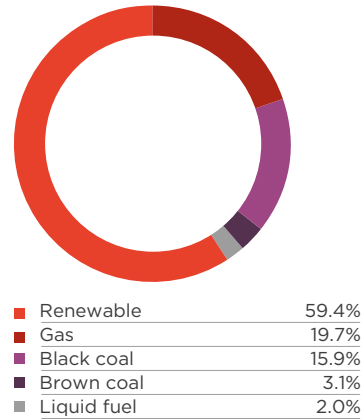
We again disclosed a number of key metrics, introduced in 2013 in response to stakeholder feedback, to help our stakeholders assess our progress on supporting the transition to a two degree economy. Our aim is to report these year on year to enable comparability over time, with a view to updating if and when an internationally recognised standard for disclosure is developed.

In BTFG, we continue to assess where carbon risks lie in our investment portfolios, and disclose this information to stakeholders with more comprehensive analysis undertaken in 2016.

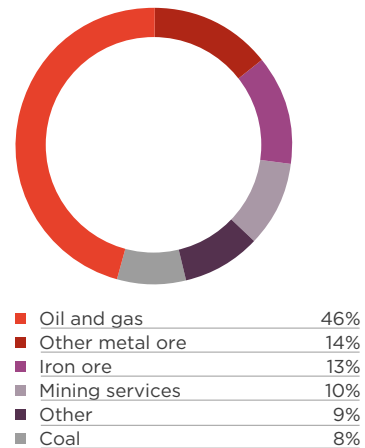
Electricity generation - Australia and New Zealand (%)



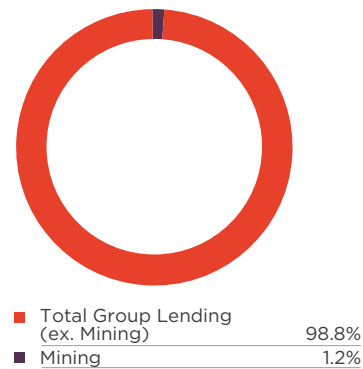
Electricity generation finance portfolio - Australia and New Zealand (% TCE)



Group mining portfolio by sector (% TCE)



Group mining portfolio as a percentage of total lending (TCE)



Financing the transition to a low carbon economy

In line with our commitments, in 2013, we set a goal to lend up to \$6 billion to grow the CleanTech and environmental services sector, by 2017. At 30 September 2016, our total committed exposure in this portfolio reached \$6.2 billion, directed to customers in the renewable energy, energy efficiency and green buildings segments and to businesses providing green products and services.

This increase was achieved despite introducing more stringent criteria in 2015 for the green buildings we include in this portfolio, in line with property best practice. While we are proud of exceeding our target ahead of schedule, we know that much greater investment is needed in future years.

Since 2011, we have increased the proportion of renewable energy financing from 45% to 59% in our total electricity generation. Since we began tracking in 2013, the emissions intensity of our generation portfolio has consistently been well below the emissions intensity of the National Electricity Market benchmark. We also continue to disclose our exposure to mining including distribution by primary commodity (see page 75).

These are important steps in supporting the shift to a more sustainable economic model – one that is less dependent on fossil fuels while recognising the importance of responsibly managing the transition to sustainable economic development.

See page 74 for our full suite of sustainable lending and investment metrics.

Sustainable investing

As a substantial shareholder on behalf of our customers, BTFG considers engagement with the companies in which we invest core to responsible investment. During the year we deepened our sustainable investing capability by appointing an international engagement overlay provider. This organisation assists us in adding long-term value to investments and managing risks, by engaging with companies and policy-makers on environmental, social, governance, strategic and risk issues on our behalf. This appointment complements the domestic engagement activities that have been in place for some time.

Managing supply chain risk

Westpac is enhancing its Sustainable Supply Chain Management (SSCM) risk assessment framework for best practice in the context of a changing world with an evolving risk landscape and increased expectations from stakeholders. The renewed SSCM will aim to better prioritise risk management and mitigation effort through an improved understanding of environmental, labour, social and governance risks associated with specific sourcing categories and source countries, and increase focus on material issues and impacts identified. The renewed SSCM will continue to focus on minimising the impacts of Westpac’s supply chain, but will also seek to identify and develop opportunities to collaborate and innovate with key suppliers to deliver positive impact. Our SSCM framework will also be expanded over time to all Westpac geographies of operation.

Climate Change Risk and Opportunity Analysis

Climate Change Scenario Analysis

During 2016, we undertook scenario analysis to understand the longer term impacts to the Australian economy, including risks and opportunities for Westpac, of limiting global warming to less than two degrees Celsius - meaning the Australian economy reaches net zero carbon emissions by 2050 ('low carbon economy').

Drawing on our own industry, risk and economic expertise, as well as climate change expertise from Ernst & Young and Climate Works Australia, we have identified a number of key findings related to growth prospects for sectors of the Australian economy. This analysis has given us a clearer understanding of our role in actively supporting Australia's transition to a low carbon economy.

Approach

Three scenarios were identified representing plausible pathways to a low carbon economy based on different approaches to global cooperation and timing of action. Each scenario includes assumptions for technological, social, economic and environmental factors, drawing from a broad base of existing research, including regarding carbon pricing.

The scenarios were based on existing and known technologies due to the difficulty in accurately modelling the impact of unknown innovations.

Summary of scenarios

Strong National Action

In this scenario, a lack of global carbon trading requires each country to take ambitious action individually, requiring a more rapid domestic transition. National ambition drives technical innovation in renewables, carbon capture and storage and nuclear technologies.

Global Cooperation

In this scenario, coordinated global action results in a smooth transition to a low carbon economy. Access to an international carbon trading system provides Australia with relatively cheap carbon permits compared to the other scenarios.

Delayed Action

In this scenario, an initial delay towards action is followed by a much more accelerated mitigation pathway after 2030. This scenario assumes slower cost reductions of low carbon technologies due to lack of early investment and a rapidly increasing carbon price post-2030.

To provide an indicative view of the impact on the Australian economy, we analysed a number of financial and reputational metrics under each scenario across all major sectors. The financial metrics allowed us to consider the financial competitiveness of each sector in response to the economy-wide transition to a low carbon future. The transition is modelled using a total effective carbon price to represent a range of measures that could be used to achieve the required emissions abatement.

Reputational metrics measured the likelihood that the sector will come under scrutiny based on its relative contribution to total national emissions, either in the sector's own operations or downstream product. Reputational risk is significant where a sector's emissions are relatively high and there is opportunity to reduce those emissions either directly or through product substitution.

Key Insights

1. The Australian economy continues to grow overall regardless of the scenario – with the lowest growth occurring when action is delayed.

The Global Cooperation scenario sees the greatest economic growth, as sectors have time to adjust to carbon constraints in an economically efficient manner. Under the Delayed Action scenario, while economic growth may be higher in the near term, it becomes lower over the long term as faster action is needed to reach the same climate ambition and the cost of low carbon technologies is higher due to lack of early investments.

2. Availability and viability of clean technologies will drive decarbonisation and create the highest potential for growth.

Under all scenarios, the speed and success of the transition to a low carbon economy is reliant on viable clean technologies being available, to replace or improve the carbon intensive sectors we are reliant on today. This will create financial opportunities in clean technologies, including renewable electricity generation, energy efficiency technologies, carbon sequestration, together with the necessary inputs to these sectors.

Clean technologies also drive decarbonisation benefits in downstream sectors. For example, energy intensive sectors, such as aluminium, iron and steel production, have the potential to regain competitiveness over the longer term as electricity supply is decarbonised and carbon-related costs decrease.

3. Sectors that are unable to decarbonise show poorer growth prospects.

The sectors that are most likely to be negatively impacted are those that have less ability to decarbonise and where less carbon intensive alternatives offer viable substitutes either directly or through their downstream products.

In the longer term the scenarios indicated that many of these sectors will be sensitive to the availability of cost-competitive carbon capture and storage (CCS) and alternative generation technologies.

Implications and role for Westpac

1. We support the sectors that will drive the transition.

A broad economy wide transition will depend on the availability of cost effective low carbon technologies. In our role as a financial intermediary we act as a market facilitator and partner to existing and new customers, backing financially viable, affordable, low carbon technologies thereby supporting energy security while accelerating the reduction in emissions.

2. We support our customers as they actively make the transition.

Westpac will continue to play a key role in supporting the companies we bank as they transition their businesses. We will continue to apply our robust risk management processes across all transactions. For emissions intensive sectors, this involves applying a framework to examine the extent to which companies' intended pathways are compatible with a low carbon economy.

Where a sector is expected to grow or contract due to climate change risk, this will influence our risk assessments and business strategies. We also encourage emissions intensive customers to assess the impacts of a low carbon economy on their own businesses. We are building relationships with customers that understand how these impacts can best be navigated and aim to partner with our customers to innovate and actively support them in this process.

3. We recognise the importance of a policy framework that creates greater certainty and rewards innovation to unlock investment.

A clear policy framework aligned to long term investment horizons is key to achieving Australia's emissions reduction objectives. Furthermore, growth opportunities will be maximised if action is taken earlier as delaying action is likely to be more costly for the economy in the long run. Westpac has long maintained that a market-based price on carbon is the most effective means of achieving emissions reductions at the least cost across the economy. We continue to work with governments, relevant authorities and industry bodies towards a long-term policy framework that creates a favourable environment for investment.

4. We continue to support better disclosure of the financial risks of climate change.

We continue to support better disclosure of the financial risks of climate change and the development of a common framework which will better enable us to assess banking, lending and investment decisions in line with our two degree commitment.

We will also continue to disclose our material climate-related risks and publish portfolio metrics which reflect our progress in supporting the transition to a low carbon economy in our annual Sustainability Performance Report as well as support the development of a common framework for disclosure. This includes our engagement with the Financial Stability Board's Taskforce on Climate-related Financial Disclosures and participation in the UNEPFI Portfolio Carbon Initiative and the Australian Portfolio Carbon Initiative.

5. We will monitor changes in technology, policy (both globally and domestically) and climate science and continue to develop and evolve our response accordingly as it relates to our global geographic footprint and customer base.

We will continue to operationalise our two degree commitment as part of our Sustainability Risk Management Framework. This includes monitoring key technology, policy and climate assumptions to test the ongoing validity of our analysis and the possible growth outcomes for sectors as the context changes over time. We will also continue to evolve our policy frameworks starting with the launch of our next Climate Change and Environment Position Statement and Action Plan and launch of our new Sustainability Strategy in 2017.

As Australia's first bank and oldest company, we know that this isn't the first time Australia has faced a period of economic transformation. Adapting to a transitioning economy, and helping our customers adapt, is something Westpac has done over the past 200 years.



Hunter Express cuts costs and emissions

Through Westpac's new Energy Efficiency Finance Program, growing freight logistics and storage business, Hunter Express, will reduce energy bills while doing the right thing for the environment.

Just over 26 years ago, Mark Hunter and his father John bought themselves a van and decided to have a go at setting up a couriering business.

Since then, their family owned and run business, Hunter Express, has grown to become a national logistics and storage enterprise, with around 400 staff and a fleet of 200 vehicles delivering more than 150,000 packages a month.

The Hunters have ambitious goals to maintain their growth trajectory, including plans to double the number of major depots around the country, putting them on course to achieve an annual turnover of \$250 million within the decade.

When asked what lies behind the success, Mark has no hesitation.

"First and foremost, we are a people business," he said. "Our employees are our absolute priority. In fact, the first person we hired more than two decades ago is still with us to this day.

"We also pride ourselves on forming strong, personal relationships with our customers. Logistics is a competitive business. We know we have to stay relevant and responsive to customers' needs, always adapting in ways to help us become a better company for our customers."

To achieve this, Mark's philosophy is to make sure Hunter Express stays 'fit' across many levels – financially, operationally, socially and environmentally.

That's why when Mark's Westpac relationship manager, Matt Sainsbury, brought an idea to him that would help to significantly cut the business' energy costs and environmental footprint, it was a 'no-brainer' to Mark.

The idea involved Westpac's newly created Energy Efficiency Finance Program.

Through the program, Mark had access to energy efficiency experts from independent energy consultancy Verdia who helped identify and arrange installation of the right equipment in his warehouses to improve efficiency. This included solar panels and more efficient lighting. Hunter Express also benefits from a discounted interest rate on the finance to purchase the equipment, supported by an arrangement between Westpac and the Clean Energy Finance Corporation.

"When we saw the finance proposal, the numbers really stacked up. There was no downside for us," Mark said.

"The combination of experience from Westpac and Verdia gave us confidence we would get the right outcomes. We plan to reinvest the longer term energy cost savings into the growth of the business, while knowing we're also doing the right thing for the environment."

The new equipment adds to Hunter Express' initiatives to improve its environmental performance, including the installation of machinery to shred and compact waste – such as plastic sheeting, timber pallets and tin packaging – to sell back into the industry for reuse.

Despite having an eye on environmental efficiency, Mark said the installation of the new equipment wouldn't have happened were it not for the partnership between Hunter Express and Westpac.

"Our relationship manager at Westpac, Matt, really knows our business, our vision and what we want to achieve," he said. "When he brought this proposal to us, we knew it was the right thing to do. It gave us certainty and made it really easy for us to say 'yes'. It would have been way harder for us to get it done on our own."

Hunter Express' relationship with Westpac began when Mark's father and Hunter Express co-founder, John Hunter, opened his first account with the bank 70 years ago. Mark views the current project as not only a strengthening of their relationship with Westpac but also a true partnership where like-minded enterprises achieve a greater vision.





The fundamentals

Underpinning our sustainability performance is a robust governance framework to ensure accountability is embedded at every level of our organisation. We regularly review our frameworks and benchmark performance to ensure we are meeting world's best practice.

About our Sustainability Strategy

OUR VISION

To be one of the world's great service companies, helping our customers, communities and people to prosper and grow.

STRATEGIC PRIORITIES



PERFORMANCE DISCIPLINE

Managing our business in a balanced and disciplined way to be recognised as the region's best-performing bank.



SERVICE LEADERSHIP

Through our service revolution, help customers achieve their goals.



DIGITAL TRANSFORMATION

Continue to invest in digitisation and use technology to redesign and enhance the customer experience.



TARGETED GROWTH

Direct investment towards the areas that offer the greatest growth including wealth and SME.



WORKFORCE REVOLUTION

Employ and retain the best people with a culture that helps them succeed.

A SUSTAINABLE FUTURE



BETTER FINANCIAL FUTURES

Help customers have a better relationship with money.



ENVIRONMENTAL SOLUTIONS

Help find solutions to environmental challenges.



EMBRACING SOCIETAL CHANGE

Help improve the way people work and live as society changes.

At the heart of our approach to operating sustainably is a simple philosophy. We need to be constantly future-focused, looking to identify and respond to the emerging societal issues which present risks and opportunities for our business and our stakeholders and for which we have the skills and experience to make a meaningful and valuable difference.

In line with this approach, in 2013 we set out a five-year strategy which consisted of ten objectives across three broad priority areas: embracing societal change; economic solutions to environmental challenges; and better financial futures. We aimed to anticipate and shape progress against these areas – encouraging debate on the future landscape, working to have a positive impact through our own actions, and encouraging others to do the same.

During the life of our strategy, where actions have become standard business practice or objectives achieved ahead of schedule, we've continued to strengthen our performance and responses. We constantly assess the relevance of our objectives as the nature of issues and external landscape continues to evolve. At times, this has resulted in amendments to our objectives and metrics.

During the past year, we have:

- replaced our metric on 'number of customer facing employees who hold externally recognised wealth accreditation in line with role requirements' with more holistic and meaningful measures relating to the provision of access of wealth advice for all our customers;
- revised targets for metrics that support our objective to help our customers meet their financial goals in retirement reflecting our refreshed branch distribution model for superannuation and response to recent regulatory changes;

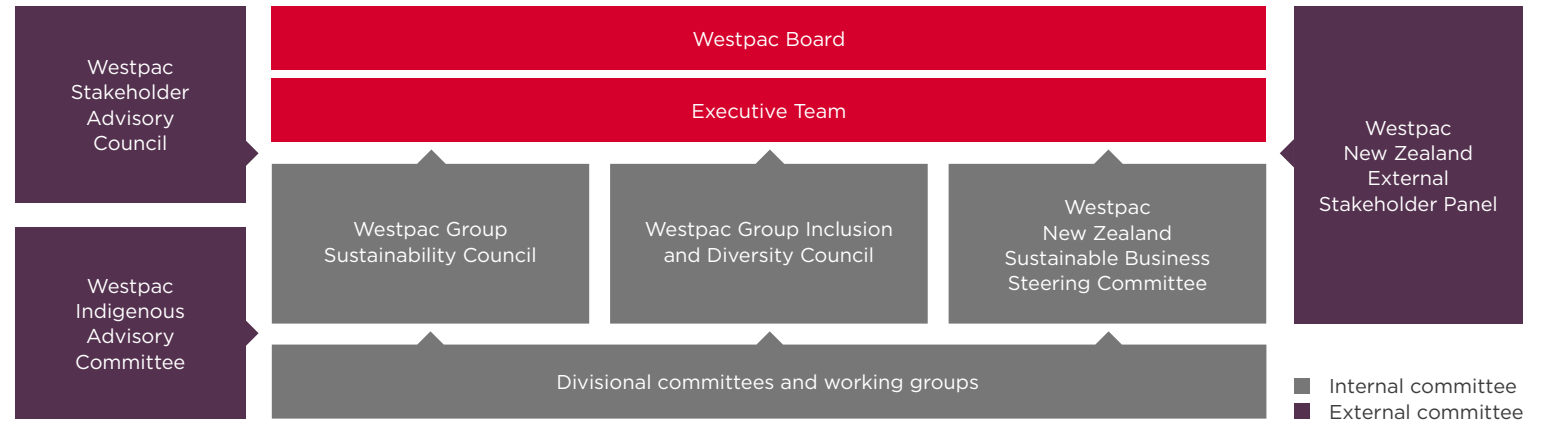
- revised our mean employee retirement age target to reflect our emphasis on participation rates across all age groups; and
- revised our targets for 'in-store' transactions in our Pacific business to reflect recent divestments and rapid shift towards banking using mobile technologies in the region.

During May 2016, we held workshops bringing together specialists and leaders from across the Group to map out how our strategy could evolve to issues most important for our stakeholders and our business over the medium to long term. The outcomes of these workshops are informing our future Sustainability Strategy.

Sustainability governance framework

A robust governance framework underpins our Sustainability Strategy, comprising our committees, position statements, policies and processes which together keep us focused and accountable for sustainable practices in our day to day activities. This is illustrated in the diagrams that follow.

These accountabilities start with our Board and flow through to individual scorecards for relevant employees.



Our governance forums

Our Sustainability Council comprises senior leaders from across the business bringing different areas of expertise and perspectives and meets four times a year. This Council is responsible for championing sustainable business practices across the Group and driving activities and objectives. Its specific roles include reviewing current and emerging topics looking at the risks and opportunities associated with our approach, endorsing key aspects of our policy framework and providing overall strategic direction including key accountability for our Sustainability Strategy targets and performance indicators. Council members also play a key role in identifying and validating our material topics which guide our strategic responses as well as the content of our annual reporting. During the year, the Council was consulted for in-depth discussion and feedback on a number of strategies, policies and action plans, and they also heard directly from external stakeholders on key topics of interest and relevance.

Reporting to this Council are a number of Committees and Working Groups, including our Environmental Management Committee, the Westpac Indigenous Advisory Committee and our CleanTech Working Group. Alignment is maintained across the various Group programs and strategies by ensuring appropriate senior representation, for example, members of our Inclusion and Diversity Council are also members of the Sustainability Council.

This year we established the Westpac Stakeholder Advisory Council, to further strengthen our approach to obtaining external independent perspectives. This Council will act as a guiding body and provide advice to our Executives and Sustainability leaders with respect to the organisation's sustainability approach. Membership of the Council includes nine external advisers appointed on the basis of their strong understanding and diverse experience of environmental, social, economic and governance themes, along with the Chair of the Sustainability Council and members of the Westpac Executive Team.

Progress against our Sustainability Strategy is reported to and discussed with the Executive Team and Board twice each year, with other items discussed and approved on an as needs basis. For instance, once endorsed by the Sustainability Council, Executive Team approval is required for all new public policies and positions, together with Board oversight as appropriate.

A similar governance structure exists in New Zealand where oversight of our activities is provided by the Sustainable Business Steering Committee, comprising the Executive Team and the Chief Economist. The Westpac New Zealand External Stakeholder Panel, made up of leaders in the business and community sectors, provides independent input. Its Chair is also a member of the Westpac Stakeholder Advisory Council to maintain alignment across Australia and New Zealand.

Our frameworks, policies and positions

Our frameworks, policies and positions are aligned to our [Code of Conduct](#) and [Group operating principles and policies](#) covering areas including: conflicts of interest, whistleblowing, privacy, economic and trade sanctions, market disclosure and trading, diversity, and health and safety. This is also set out in our [corporate governance statement](#) which describes our corporate governance framework, policies and practices in line with the Corporate Governance Principles and Recommendations (Third Edition) published in 2014 by the ASX Corporate Governance Council.

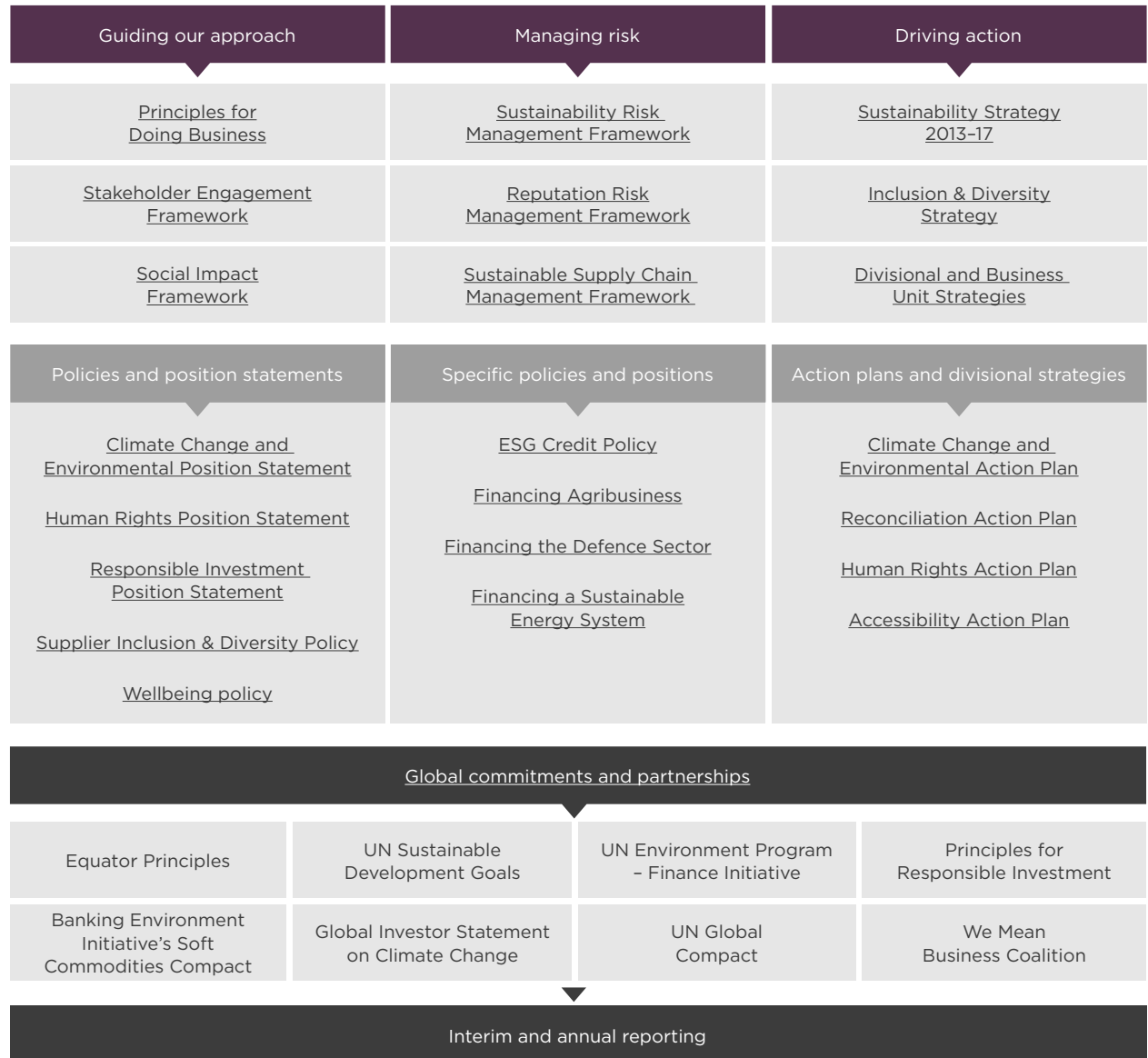
Westpac is also one of Australia and New Zealand's largest taxpayers. We apply Board approved policies and procedures as part of our [Tax Risk Management Framework](#) to ensure we meet our responsibility to pay the right amount of tax in each country in which we operate.

We have a number of overarching frameworks, policies and positions which guide our approach to sustainability across the Group.

Our Principles for Doing Business sets out the behaviours against which we expect to be judged in pursuit of our vision, and the framework through which we embed sustainable practices throughout our business in the areas of: governance and ethics; customer practices; employee practices; care for the environment; community involvement; and supply chain management.

Our Sustainability and Reputation Risk Management Frameworks set out how we manage these risks across the Group – in our operations, our lending and investment decisions, and our supply chain – providing a clear guide on roles and responsibilities within the organisation, reflecting our 'three lines of defence' risk management approach.

Alongside these frameworks sits a range of policies which embed the principles of these frameworks into our day to day operations. These include our internal and external sensitive sector position statements, as well as our Group-wide issue-based positions. Collectively, they represent our overall management approach to the underlying issues and opportunities associated with material topics.



During the year we introduced a number of new or revised frameworks, policies, positions, and procedures as shown in the table.

We also refreshed our Sustainability Risk Management Framework and sensitive sector position statements in 2016.

Frameworks, policies, positions, and procedures introduced or significantly updated during the year

Supplier Inclusion & Diversity Policy

In May 2016, we released our new [Supplier Inclusion & Diversity Policy](#) which formalises our aspiration to increase the proportion of products and services we buy from businesses that are driven by a social or environmental mission, or that support people from minority or underrepresented backgrounds. The new policy recognises the substantial opportunities available through Westpac's supply chain to drive positive social change. This includes Indigenous Australian owned businesses; businesses owned by women; social enterprises; B Corporations; and other diverse supplier groups such as Australian Disability Enterprises.

Responsible Investment Position Statement

In October 2015, we released the BTFG [Responsible Investment Position Statement](#). This position statement articulates BTFG's approach to responsible investing and provides a framework for understanding and managing environmental, social and corporate governance (ESG) impacts, risks and opportunities across the portfolios within BTFG.

Financing a Sustainable Energy System Position Statement

In December 2015, we published an updated position statement, [Financing a Sustainable Energy System](#), which reaffirms the Bank's commitment to support an economy, through its financing activities in the energy system, in a manner consistent with limiting global warming to less than two degrees above pre-industrial levels. This updated position statement outlines the approach taken by Westpac in relation to providing finance and banking services to businesses operating in the energy system, including production, processing and transportation of fossil fuels and all forms of power generation, transmission and distribution. These updates bring the statement into line with Westpac's overarching Climate Change and Environment Position Statement, released in September 2014, in which Westpac was the first Australian bank to publicly commit to prepare for a 'Two Degree Economy'. It also confirms the Group's intention to actively reduce the emissions intensity of its exposure in the power generation sector over time and target involvement in transactions which support the development of the most efficient power generation solutions.

External benchmarking

Our reporting continues to be in accordance with the Global Reporting Initiative's G4 Guidelines at a comprehensive level and is assured against the AA1000 AccountAbility Principles Standard (2008).

This helps to ensure that we report transparently on how we identify and respond to the most material topics to our business and our stakeholders. The Board has endorsed the engagement of an independent external assurance provider, EY, to assure that we have reported in line with these standards.

We also participate in a range of multi stakeholder forums to develop our thinking and contribute to the development of sustainability standards and practices more broadly. These include UNEP FI, the UN Global Compact, Banking Environment Initiative, the Climate Partners Network and Equator Principles.

This year, we co-signed the CEO Statement of Support for the Sustainable Development Goals to affirm our public support. These global goals lay out a roadmap over the next 15 years to end extreme poverty, fight inequality and injustice and protect the planet. We will continue to contribute to these critical goals and they are a key input in developing our Sustainability Strategy post 2017.

We continue to benchmark our activities using international indices to help improve our performance.

Our key benchmarking indices include:

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



Dow Jones Sustainability Indices

Westpac retained its global banking sector leadership position in the 2016 Dow Jones Sustainability Index, achieving our highest ever score of 95. Westpac has ranked as the most sustainable bank on this annual index nine times in the past 15 years.

CDP Climate Indices

Westpac was recognised in the 2016 CDP (formerly Carbon Disclosure Project) Climate A list, reflecting our achievement of the highest possible CDP score for our response to climate change. This puts us among the top 9% of participating companies globally to receive this recognition.

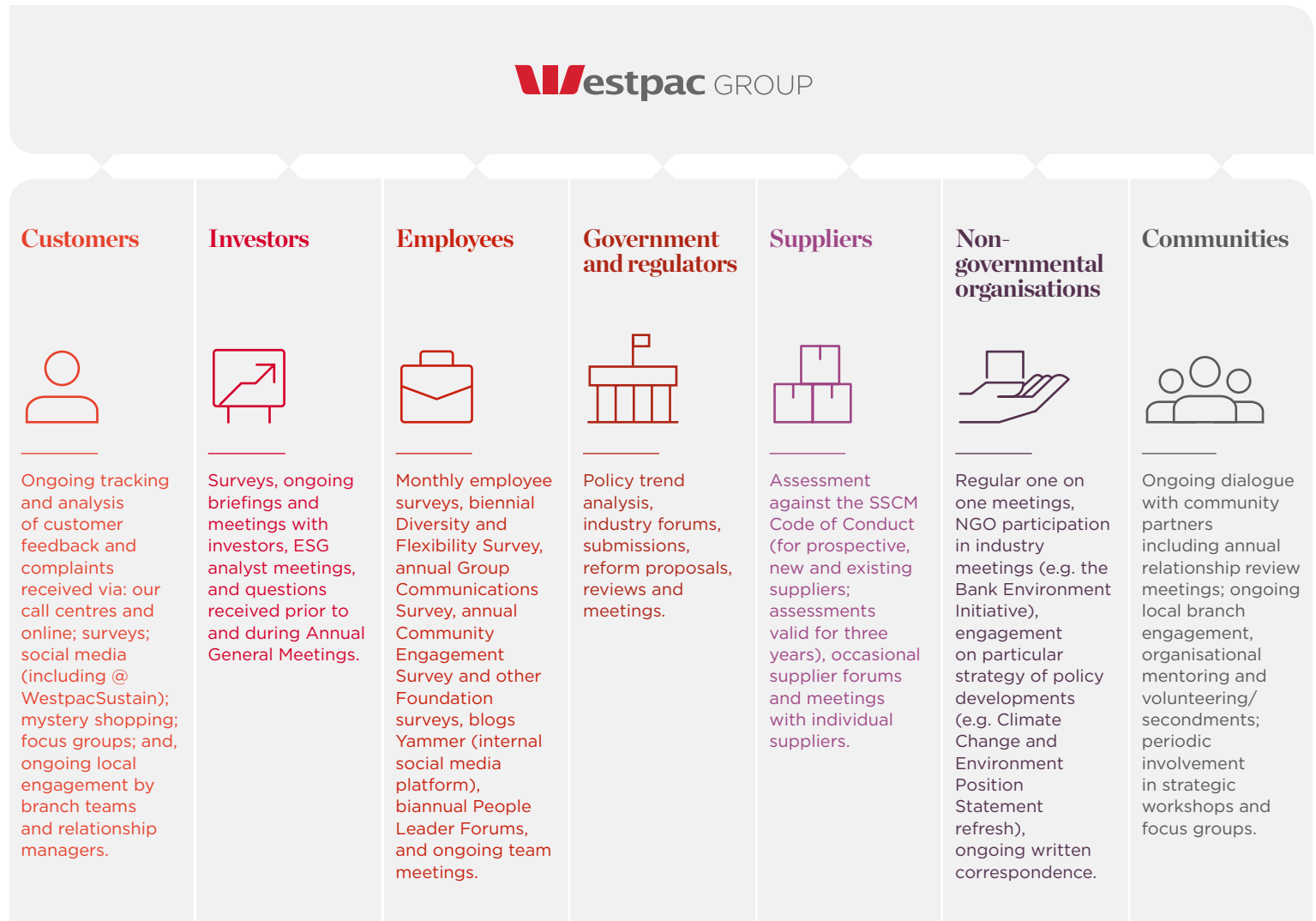
We also review Westpac's profile on sustainability and responsible investment assessment platforms such as MSCI and Sustainalytics, to benchmark our own performance.

Stakeholder engagement

Guided by the AA1000 Stakeholder Engagement Standard, our Stakeholder Engagement Framework sets out our approach to identifying and prioritising stakeholders, the mechanisms we use to ensure meaningful engagement as well as how we communicate our progress in relation to their concerns.

The following diagram contains the key mechanisms for engagement in 2016.

The Framework is designed to help us gain a good understanding of the views and expectations of our stakeholders, and the risks and opportunities these create – both now and in the future. The information from our stakeholder engagement provides essential input to our annual ‘materiality assessment’ which guides our focus for reporting and informs our strategic approach. This is outlined in the following section and includes a summary of the concerns and interest for various stakeholder groups.



Material topics and management approach

Feedback obtained via stakeholder engagement, together with an assessment of industry trends, internal reports and independent research feeds into our assessment of material topics (issues and opportunities) for our business.






Grounded in both the Global Reporting Initiative's G4 guidance and the AA1000 AccountAbility Principles Standard (2008) this approach informs our strategy and guides our reporting. During 2016, we enhanced our materiality assessment approach to reflect the ongoing importance of enduring topics regardless of whether they have been topical among stakeholders during the reporting period. For example, workplace wellbeing (including safety) is material due to its strategic importance and alignment to risk and compliance requirements.

We've also increased our disclosure of progress against our most material topics within our Annual Report to improve the visibility of progress to our shareholders and meet evolving disclosure requirements in relation to sustainability.

The outcomes of this year's materiality assessment is summarised on page 17. The table below describes each of the material topics in more detail and their relevance across stakeholder groups. It also indicates the most relevant GRI boundary and aspects, and points to where further detail can be found on how we are responding.

Material Topic	Definition	GRI Boundary/Aspects	How we are responding	Relevant stakeholders
Conduct and trust				
Financial and economic performance	Maintaining a healthy financial performance and strong balance sheet is vital to the Group's long term sustainability.	Boundary: Within/Outside Aspects: Economic - Economic performance	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Service leadership (p.22) Positive societal impact (p.38), Performance metrics in Social and economic impact (p.84). 	
Governance, risk and remuneration	Clear governance practices, active management of risk, commitment to compliance, and fair remuneration in our operations, supplier and partner relationships is critical to the longevity and financial wellbeing of the Group.	Boundary: Within Aspects: Social - Society - Anti-corruption, Public policy, Economic - Procurement practices	<ul style="list-style-type: none"> Chairman's Report and CEO's Letter in the Annual Review & Sustainability Report Conduct and trust (p.19) Performance metrics in Employees (p.67). 	
Conduct and culture	Conduct and culture is vital for maintaining the trust of customers, shareholders and regulators.	Boundary: Within Aspects: Social - Society - Anti-competitive behaviour, Product Responsibility - Product portfolio	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Conduct and trust (p.19) Performance metrics in Employees (p.67). 	
Changing regulatory landscape	Supervision and regulation in jurisdictions that Westpac operate in continues to evolve, creating uncertainty in the operating environment.	Boundary: Within/Outside Aspect: Social - Product Responsibility - Compliance, Society - Compliance	<ul style="list-style-type: none"> Chairman's Report and CEO's Letter in the Annual Review & Sustainability Report Conduct and trust (p.19). 	

Material Topic	Definition	GRI Boundary/Aspects	How we are responding	Relevant stakeholders
Service leadership				
Customer experience, support and access	Customers' needs are becoming more complex, and at the same time they want banking to be simpler, more efficient and accessible.	Boundary: Outside Aspects: Social – Society – Local communities, Product Responsibility – Product portfolio, Marketing communications, Product and service labelling	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Service leadership (p.22), Performance metrics in Customers (p.71) and Social and economic impact (p.84). 	
Financial capability and empowerment	We are focused on the financial wellbeing of our customers which includes supporting them in financial literacy and confidence.	Boundary: Within/Outside Aspects: Social – Product responsibility – Product portfolio	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Service leadership (p.22) Performance metrics in Social and economic impact (p.84). 	
Digital innovation				
Digital product and service transformation	Digitisation offers opportunities to improve efficiency and deliver services in new ways. Westpac is embracing the emergence of fintech and new business models that have the potential to change the way that banking is offered.	Boundary: Within/Outside Aspects: Social – Society – Local communities, Product Responsibility – Product portfolio	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Digital innovation (p.27) Performance metrics in Customers (p.71). 	
Information security and data privacy	Maintaining customer confidentiality and the security of our systems is paramount given the threat of cyberattacks and the evolving nature of technology.	Boundary: Within/Outside Aspects: Social – Product responsibility – Customer privacy	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Digital innovation (p.27). 	

Material Topic	Definition	GRI Boundary/Aspects	How we are responding	Relevant stakeholders
Workforce of the future				
Talent attraction and retention	Attracting, retaining and developing the right people requires innovative recruitment strategies and working conditions to match changing employee expectations.	Boundary: Within Aspects: Social - Labour Practices - Employment, Training and education	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Workforce of the future (p.32) Performance metrics in Employees (p.67) and Reconciliation Action Plan (p.88). 	
Inclusion and diversity	As the population ages and becomes more culturally diverse, Westpac Group needs to think creatively about how to find, develop and retain the right employees and tailor services that consider diverse customer needs.	Boundary: Within/Outside Aspects: Social - Labour practices - Equal remuneration for women and men, Diversity and equal opportunity	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Embracing societal change (p.10) Workforce of the future (p.32) Performance metrics in Employees (p.67), Suppliers (p.83) and Reconciliation Action Plan (p.88). 	
Workforce wellbeing	Maintaining a secure workplace is critical to the safety of our people, and providing them with a range of flexible work options and workplace benefits that support their productivity.	Boundary: Within Aspects: Social - Labour Practices - Employment, Occupational health and safety	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Embracing societal change (p.10) Workforce of the future (p.32). Performance metrics in Employees (p.67). 	
Positive societal impact				
Supporting communities in need	As an integral service provider in the communities we operate, we actively support those in need including times of emergency and recovery as well as addressing systemic need, enabling our people to amplify their individual contributions.	Boundary: Outside Aspects: Social - Society - Local communities	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Service leadership (p.22) Performance metrics in Social and economic impact (p.84). 	
Societal diversity and prosperity	As one of the oldest and largest banks in the region, Westpac Group plays an important role in creating positive social impact - both through core business activities and community investment to drive greater diversity and enhance prosperity across underserved segments of society.	Boundary: Outside Aspects: Economic - Indirect economic impacts Social - Society - Local communities, Product responsibility - Product portfolio	<ul style="list-style-type: none"> Embracing societal change (p.10) Better financial futures (p.14) Positive societal impact (p.38), Performance metrics in Social and economic impact (p.84). 	

Material Topic	Definition	GRI Boundary/Aspects	How we are responding	Relevant stakeholders
Positive impact finance	Tailoring and provision of financial products that directly address widely recognised societal or environmental issues, or to sectors that operate with an explicit mandate to address those issues.	Boundary: Within/Outside Aspects: Economic - Indirect economic impacts Social - Product responsibility - Product portfolio	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Environmental solutions (p.12) Better financial futures (p.14) Positive societal impact (p.38), Performance metrics in Sustainable lending and investment (p.74). 	
Climate change transition and opportunities	As a major financial institution, Westpac Group has an important role to play in supporting the transition to an economy that limits global warming to less than two degrees.	Boundary: Within/Outside Aspects: Economic - Economic Performance Product Responsibility - Product portfolio, Audit, Active ownership	<ul style="list-style-type: none"> Environmental solutions (p.12) Value chain risk (p.48) Positive societal impact (p.38), Performance metrics in Sustainable lending and investment (p.74). 	
Value chain risk				
Value chain sustainability risks	We actively manage the sustainability risk in our value chain through our lending to customers, our investments in funds, and through our supply chain.	Boundary: Within/Outside Aspects: Social - Society - Supplier assessment for impacts on society, Environmental - Supplier Environmental Assessment, Social - Labour practices - Employment, Supplier assessment for labour practices, Human rights - Supplier human rights assessment, Product responsibility - Product portfolio, Audit, Active ownership	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Value chain risk (p.48) Performance metrics in Sustainable lending and investment (p.74) and Suppliers (p.83). 	
External landscape				
Macroeconomic and demographic trends	Ongoing awareness of local and global economic, demographic and societal trends allows us to monitor the economic outlook and tailor products and services to meet evolving market needs.	Boundary: Outside Aspects: Economic - Indirect economic impacts Social - Product responsibility - Product portfolio	<ul style="list-style-type: none"> Chairman's Report and CEO's Letter Workforce of the future (p.32) Embracing societal change (p.10) 	



Performance metrics

We have reported our performance against key indicators that are strategically relevant to our business, and reflect the level of transparency expected by our stakeholders. Where available, historical comparisons are included to show trends in our performance over time.

Totals may vary on occasion due to rounding.

Employees

We measure and report progress on a number of indicators which reflect the key focus areas of our overall human resources strategy and the sustainability of our workforce. This includes progress we have made towards our inclusion and diversity goals, improving the health, safety and wellbeing of employees, how we attract and retain talent through building the knowledge and capability of our employees, how we establish expectations of employee conduct, issues reported through whistle-blowing channels, and a number of key remuneration ratios – all areas which deliver against the Group's service leadership and workforce revolution strategic priorities. Refer to the [Conduct and trust](#) section from page 19 and [Workforce of the future](#) section from page 32 for a strategic update on our progress.

Our five-year Sustainability Strategy also sets out the employee related targets we aim to achieve by 2017. These targets, and our progress against them, are set out at the end of this section.

Employee profile

Employees by employment type, region and gender (headcount)

	2016			2015			2014		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Australia¹									
Full time	12,084	12,395	24,479	12,226	12,430	24,656	12,544	12,520	25,064
Part time	5,563	540	6,103	5,602	503	6,105	6,003	539	6,542
Temporary	1,336	1,675	3,011	1,236	1,535	2,771	1,347	1,589	2,936
Total Australia	18,983	14,610	33,593	19,064	14,468	33,532	19,894	14,648	34,542
New Zealand									
Full time	2,077	1,555	3,632	2,178	1,609	3,787	2,238	1,640	3,878
Part time	610	50	660	634	34	668	615	36	651
Temporary	359	252	611	370	248	618	323	223	546
Total New Zealand	3,046	1,857	4,903	3,182	1,891	5,073	3,176	1,899	5,075
Westpac Pacific²									
Full time	578	445	1,023	590	406	996	707	495	1,202
Part time	14	4	18	57	45	102	71	40	111
Temporary	12	19	31	26	25	51	8	4	12
Total Westpac Pacific	604	468	1,072	673	476	1,149	786	539	1,325
Group total	22,633	16,935	39,568	22,919	16,835	39,754	23,856	17,086	40,942

1. Employee data is categorised by legal employer. 'Australia' includes employees located in Australia, UK, US and Asia.
2. 2014 data now reflects headcount numbers, previously reported as a percentage.

Employees (FTE)

	2016	2015	2014	2013	2012
Group total	35,280	35,241	36,373	35,597	35,675

Engagement, new starters, attrition and retention

	2016	2015	2014	2013	2012
Employee Engagement Index (%) ¹	69	-	-	-	-
Employee voluntary attrition (number)	3,957	4,118	3,692	3,650	3,750
Employee voluntary attrition (% of total staff)	10.6	10.6	9.8	9.8	9.9
New starters (number)	4,474	4,214	-	-	-
New starters (% of total staff)	11	11	-	-	-
High performer retention (% of high performers)	95	95	96	96	96
New starter retention (% of new starters)	86	85	88	87	85

1. New employee engagement survey conducted in 2016 and prior data not included due to change in survey methodology.

New starters by gender and age^{1,2}

	2016		2015		2014		2013	
	Number	Rate (% total staff)	Number	Rate (% total staff)	Number	Rate (% total staff)	Number	Rate (% total staff)
Employee new starters by gender								
Female	2,324	52	2,087	50	2,352	51	2,392	55
Male	2,150	48	2,125	50	2,236	49	1,973	45
Employee new starters by age								
≤ 24	949	21	887	21	800	18	856	20
25-34	1,795	40	1,795	43	1,946	44	1,874	43
35-44	1,122	25	1,020	24	1,170	26	1,057	24
45-54	460	10	427	10	474	11	476	11
≥ 55	147	3	83	2	76	2	85	2
Employee new starters by region³								
Australia	3,869	86	-	-	-	-	-	-
New Zealand	463	10	-	-	-	-	-	-

- All data, except for 'employee new starters by region - New Zealand', relates to employees employed by Australian entities only, covering those located in Australia, UK, US, and Asia.
- Age and gender totals may not match overall reported numbers due to non-identified age and gender in some records.
- Region split first reported in 2016.

Voluntary attrition by gender and age (%)

	2016	2015	2014	2013	2012
Attrition by gender (%):					
Female	10	10	10	10	10
Male	11	12	10	10	10
Attrition by age (%):					
≤ 24	20	18	17	16	19
25-34	15	14	13	13	12
35-44	10	10	9	9	9
45-54	7	7	6	6	6
≥ 55	5	5	5	5	6
Attrition by region¹					
Australia ²	11	-	-	-	-
New Zealand	11	-	-	-	-

- Region split first reported in 2016.
- 'Australia' includes employees located in Australia, UK, US and Asia.

Inclusion and diversity

Women in leadership

	2016 %	2015 %	2014 %	2013 %	2012 %
Board ¹	22	22	44	30	33
Executive	36	26	28	26	25
Senior Manager	44	42	39	39	39
Manager	49	47	45	43	41
Group total	48	46	44	42	40

- Board not included in Group total.

Tenure and gender profile (%)

	2016			2015		
	Female	Male	Total	Female	Male	Total
<1 Yr	12	16	14	11	15	13
1 Yr	8	11	10	9	11	10
2-3 Yrs	13	16	15	13	15	14
4-5 Yrs	10	10	10	12	14	13
6-10 Yrs	23	23	23	23	21	22
11-15 Yrs	13	9	11	12	9	11
16-20 Yrs	8	6	7	9	6	8
21 Yrs +	12	9	11	11	9	10

Age and gender profiles (%)

	2016			2015		
	Female	Male	Total	Female	Male	Total
≤ 24	6	5	6	5	6	6
25-34	29	29	29	30	30	30
35-44	32	29	30	32	29	30
45-54	23	24	23	23	23	23
≥ 55	10	13	12	10	12	11

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

	≤24	25-34	35-44	45-54	≥55
2016					
Westpac Group - Australia	5	29	31	23	12
Australian labour force	16	23	21	21	18
Westpac Group - New Zealand	7	26	26	26	16
New Zealand labour force	14	21	20	22	23
2015					
Westpac Group - Australia	5	30	31	23	11
Australian labour force	16	23	22	21	18
Westpac Group - New Zealand	6	26	27	26	15
New Zealand labour force	16	20	20	22	22

Percentage of basic salary - female to male¹

	2016	2015	2014	2013
Administrator	109	109	111	111
Senior Administrator	99	99	99	99
Team lead/supervisor	100	99	99	99
Manager	99	99	99	99
Middle Manager	98	99	98	99
Senior Manager	96	95	94	94
Executive ²	78	87	97	95

1. Calculated as (base salary - female salary as a % of male salary); ratios for the Group.
2. Change in Executive level in 2015 attributable to a male CEO replacing a female CEO.

Parental leave

	2016	2015	2014	2013	2012
Australia					
Employees accessing parental leave	2,722	2,862	3,059	2,829	2,746
Rate of return from parental leave (%)	95	95	-	-	-
New Zealand					
Employees accessing parental leave ¹	127	144	120	151	131
Rate of return from parental leave (%)	96	92	85	86	81

1. 2012 to 2015 restated to align with Australian calculation methodology.

Indigenous Australian employment

	2016
Percentage of workforce identifying as Indigenous Australian ¹	4

1. The Percentage of Indigenous Employees in Australia is the proportion of the Group's Australian employees who identify themselves as having Aboriginal, Indigenous and Torres Strait Islander cultural heritage in the Group's employee survey. Reported for the first time in 2016.

Health, safety and wellbeing

Injury frequency rates

	2016	2015	2014	2013	2012
Lost Time Injury Frequency Rate - Group ¹	0.8	0.8	1.1	1.5	1.9
Total Reportable Injury Frequency Rate - Group ²	8.6	-	-	-	-

1. No work-related fatalities were reported during this period.
2. Reported for the first time in 2016.

Employee Assistance Program utilisation¹

	2016	2015	2014	2013
Employee Assistance Program utilisation (%)	6.39 ²	5.24	5.16	4.97

1. First reported in the Annual Sustainability Performance Report in 2016.
2. Increase reflects expansion of services including nutrition and domestic and family violence support.

Absenteeism¹

	2016	2015	2014	2013
Australia	3.49	3.37	3.29	3.14
New Zealand	2.27	2.22	2.24	2.09

1. Calculated as number of actual absenteeism days lost (due to incapacity of any kind) as a percentage of total days (FTE) scheduled to be worked by workforce.

Occupational health and safety training¹

	2016	2015	2014	2013	2012
Group (%)	96	96	-	-	-
Australia, UK and USA (%)	-	-	94	95	92
New Zealand (%)	-	-	93	92	97

1. Data changed to Group-wide reporting since moving to a consistent global training platform in 2015.

Training and capability

Average hours of training per employee

	2016	2015	2014	2013	2012
Australia ¹	17.6	20.9	18.1	21.3	18.3
New Zealand	28.6	11.6	8.1	16.9	12.4
Group average	18.7	20.0	-	-	-

1. 'Australia' includes employees located in Australia, UK, US and Asia.

Conduct and compliance

Doing The Right Thing training^{1,2}

	2016	2015	2014	2013	2012
Group (%)	96	97	-	-	-
Australia, UK and USA (%)	-	-	97	98	95
New Zealand (%)	-	-	93	92	97

1. The course covers the following topics: Equal Employment Opportunity in Action, Core Compliance and Operational Risk, Giving Advice, Privacy, the Technology Code of Use, the Code of Banking Practice, AML/CTF and Sanctions, Information Security, Complaints Management & Resolution, Records Management and Managing Regulator Relationships.

2. Data has changed from being geographically broken down to Group-wide reporting as we have moved to a consistent global training platform in 2015.

Whistle-blowing

	2016			2015	2014	2013	2012
	Total	Substantiated	In Progress	Total	Total	Total	Total
Concerns reported on Concern Online							
Dishonest conduct	82	17	15	90	66	39	39
Fraudulent or other illegal activity ¹	4	-	3	3	-	5	4
Audit issues	-	-	-	-	-	-	-
Significant people or HR issues ²	104	5	10	81	69	65	41
Substantial health and safety risk	5	-	1	15	6	4	8
Other	14	1	3	18	16	19	15
Total number of new concerns	209	23	32	207	157	132	107

1. Includes anti-money laundering issues and theft of Westpac property. Other fraud related concerns are reported under Dishonest Conduct (Breach of Westpac Policies and Codes).

2. Includes items redirected to other channels.

Remuneration

	2015 ¹
Australia	
Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	87:1
Ratio of percentage increase in annual total compensation for highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	-8.72:1
New Zealand	
Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	38:1
Ratio of percentage increase in annual total compensation for highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	-5.47:1

1. Based on prior financial year compensation due to timing of Group remuneration review.

Additional metrics from 2017 Sustainability Strategy

Ensuring our workforce is representative of the community

	2017 Target	2016	2015	2014	2013
Women in leadership (%)	50	48	46	44	42
Participation of mature age workers (%)	>20.5	21.5	20.8	20.9	20.5
Financial wellbeing of 40+ women - Australia ¹	On par	6.47 (total pop. 6.57)	6.10 (total pop. 6.41)	-	6.38 (total pop. 6.45)
Indigenous Australians recruited	500 ²	140	150	106 ²	103 ²

1. Biennial survey - conducted out of cycle in 2016. Index score out of 11, for Australian 40+ female employees, compared with general Australian employee population. Score of benchmark population was 6.45 in 2013.

2. 2015-17 cumulative target, introduced to align with 2015-17 Reconciliation Action Plan. Recruitment prior to 2015 not included in cumulative growth measure.

Extend length and quality of working lives

	2017 Target	2016	2015	2014	2013
Employee mean retirement age (years)	61.6 ¹	60.5	61.6	61.6	60.6
Wellbeing average WorkAbility Index (biennial index score out of 49) ²	44	42	40	-	41

1. Revised target to reflect our emphasis on participation of employees across all age groups.

2. Biennial survey - conducted out of cycle in 2016.

Customers

Through our service revolution, we have a strong focus on putting customer interests first and helping our customers to prosper and grow. We measure and report against a number of indicators to track our progress, including the strength and depth of our customer relationships, progress on our digital transformation strategy, how we are improving access to banking services, allowing our customers to bank from when and where they need, the number and types of complaints received – all areas which deliver against the Group’s digital transformation and service leadership strategic priorities. Refer to the [Digital innovation](#) section from page 27 and [Service leadership](#) section from page 22 for a strategic update of our progress.

Our five-year Sustainability Strategy also sets out the customer related targets we aim to achieve by 2017. These targets, and our progress against them, are set out at the end of this section.

Customer numbers

	2016	2015	2014	2013	2012
Total customers (millions)	13.4	13.1	12.8	12.2	11.8

Digital transformation

	2016 ¹	2015	2014	2013	2012
Digitally active customers (%) – Group	37	38	36	37	35
Digitally active customers (millions) – Group ²	4.9	4.9	4.7	4.2	4.0
Mobile active customers (%) – Group ²	21	-	-	-	-
Mobile active customers (millions) – Group ²	2.8	-	-	-	-

1. Prior years' figures not comparable due to the restructure of Consumer Bank and Business Bank.
2. Reported for the first time in 2016.

Access to financial services

	2016	2015	2014	2013	2012
Australia					
Branches	1,085	1,201	1,292	1,282	1,281
Branches with 24/7 banking capability (%)	24	18	12	5	2
Westpac customer access to Bank@Post outlets ¹	3,585	3,586	-	-	-
ATMs	3,007	3,068	3,105	3,051	2,949
Smart ATMs (%)	41	34	27	18	-
Connect Now / Business Connect facilities ²	996	991	324	105	60
New Zealand					
Branches	189	189	193	208	206
Branches with 24/7 banking capability (%)	50	49	40	-	-
ATMs	620	639	628	613	579
ATMs with 'Smart' (deposit-taking) functionality (%)	26	24	21	19	-
Westpac Pacific					
Branches ²	36	39	49	54	52
ATMs ²	130	143	157	150	111
Group					
Branches	1,309	1,429	1,534	1,544	1,568

1. Westpac's agreement with Bank@Post was formalised in December 2014.
2. Restatements made in order to reflect updated calculation methodology.

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Customer advocacy

	2016	2015	2014	2013	2012
Australia					
Net Promoter Score (NPS) – consumer	-3.7	+1.1	+0.9	-2.4	-7.7
Net Promoter Score (NPS) – business	-8.7	-0.7	+1.2	-5.3	-10.8
New Zealand					
Net Promoter Score (NPS) – consumer	+0	+5	+2	+8	+9

Customer complaints

	2016	2015	2014	2013	2012
Australia					
Complaints resolved within 5 days (%)	62	63	77	76	81
Change in customer complaints from prior year (%) ¹	(31.1)	(31.0)	(26.5)	(15.0)	-
Australian Banking complaints types (%) ²					
Commercial/business decision	7.8	6.6	5.2	3.9	-
Communication/information/advice	14.0	14.5	16.1	13.4	-
Process and procedure issues and errors	42.2	40.5	34.3	32.8	-
Product features	5.4	7.3	8.6	5.7	-
Fees, charges and interest rates	11.2	11.4	17.0	26.6	-
Staff or service quality issues	19.2	19.5	18.9	17.3	-
Other	0.1	0.2	0.1	0.2	-
New Zealand					
Change in customer complaints from prior year (%) ³	(6.8)	(18.2)	(15.7)	19.2	3.2
Complaints types (%) ³					
Bank error	11	12	14	16	18
Commercial/business decision	1	1	1	1	2
Fees, charges and interest	41	43	49	50	49
Financial advisor service	-	-	-	-	-
Process and procedure	13	15	13	13	13
Product features	4	4	3	3	2
Service	16	17	14	12	12
System and equipment	13	8	6	5	4

	2016	2015	2014	2013	2012
BTFG					
Complaints types (%) ⁴					
Product, commercial and business decisions	45	47	-	-	-
Information and advice	6	3	-	-	-
Fees, charges and interest rates	8	8	-	-	-
Errors, process and procedure	19	23	-	-	-
Staff or service quality	18	14	-	-	-
Other	5	5	-	-	-
General Insurance complaints					
Number of claims	53,392	49,618	47,593	47,444	50,344
Number of complaints ⁵	1,370	1,861	-	-	-
% of complaints ⁵	2.6	3.8	-	-	-
Life and risk insurance complaints ⁶					
Number of policies	549,082	534,117	465,415	426,313	409,264
Number of complaints ⁵	1,107	1,797	-	-	-
% of complaints ⁵	0.2	0.3	-	-	-

1. Australia only, includes BTFG.

2. Customer complaint breakdown by type for Australian Banking excludes RAMS.

3. Prior figures restated to reflect updated calculation methodology.

4. Complaint type categories adjusted in 2016 to align with Westpac complaint types. The percentages have been rounded to a whole percentage and may not total to exactly 100%.

5. Data prior to 2015 not comparable due to change in calculation methodology.

6. Previously reported based on customer complaints relating to claims only, figures from 2012 include other areas of General Insurance including sales, customer support and products to align with The General Insurance Code of Practice definition.

Customer compliments

	2016	2015	2014	2013	2012
Change in consumer compliments from prior year (%) – Australia ¹	38	-	-	-	-

1. First reported in 2016.

Additional metrics from 2017 Sustainability Strategy

Anticipate future needs of ageing and culturally diverse customers

	2017 Target	2016	2015	2014	2013
Initiatives introduced to support the financial wellbeing of ageing and culturally diverse customers (cumulative number)	5	7	5	4	1

Ensuring all our customers have access to the right advice to achieve a secure retirement¹

	2017 Target	2016	2015	2014	2013
Average customer satisfaction rating as reflected through BT Adviser View	4.90 out of 5	4.89	4.89	-	-

1. New measures introduced in 2016 to replace number of customer facing employees who hold externally recognised wealth accreditations in line with role requirements with more holistic and meaningful measures relating to the provision of access of wealth advice for all our customers.

Helping our customers meet their financial goals in retirement

	2017 Target	2016	2015	2014	2013
Westpac Group customers with Westpac Group Superannuation (%)	8.9 ¹	7.8	8.1	8.1	7.4

1. Revised target to reflect our refreshed branch distribution model for superannuation and response to recent regulatory changes.

Increasing access to financial services in the Pacific

	2017 Target	2016	2015	2014	2013
Customers brought into the banking system (cumulative)	300,000	296,931	292,374	225,260	147,392
Transactional volume of in-stores (per year) ¹	400,000	220,356	391,843	379,971	-
Mobile banking activations (cumulative number)	173,000	108,602	58,660	11,875	-

1. Revised target to reflect recent sale of banking operations across Pacific business and shift towards banking using mobile technologies in the region.

Sustainable lending and investment

The tables below bring together information to provide a better understanding of our performance on sustainable lending and investment. This includes aspects of our lending profile, how we have applied the Equator Principles, the profile of our responsible investment funds under management and associated carbon intensities, and the value of our lending and deposits which back initiatives and projects that create positive societal outcomes – all areas which deliver against the Group's Performance Discipline and Targeted Growth strategic priorities. Refer to the [Positive societal impact](#) section from page 38 and [Value chain risk](#) section from page 48 for a strategic update of our progress.

Our five-year Sustainability Strategy also sets out Sustainable lending and investment related targets we aim to achieve by 2017. These targets, and our progress against them, are set out at the end of this section.

Group credit exposure profile¹ (\$m)

	New			
	Australia	Zealand	Other	Total
Accommodation, cafes and restaurants	8,821	294	109	9,224
Agriculture, forestry and fishing	9,849	8,472	4	18,325
Construction	9,799	742	385	10,926
Finance and insurance	59,539	7,571	13,959	81,069
Government, administration and defence	49,217	4,266	1,108	54,591
Manufacturing	16,930	3,871	7,246	28,047
Mining	8,304	525	2,445	11,274
Property, property services and business services	78,272	8,649	1,285	88,206
Services ²	19,413	2,145	154	21,712
Trade ³	25,411	3,872	6,826	36,109
Transport and storage	15,048	2,300	1,560	18,908
Utilities ⁴	10,758	3,116	721	14,595
Retail lending	513,687	52,991	1,610	568,288
Other	5,902	355	46	6,303

1. Exposure at default (EAD).

2. Includes education, health and community services, cultural and recreational services, and personal and other services.

3. Includes wholesale trade and retail trade.

4. Includes electricity, gas and water, and communication services.

Application of Equator Principles¹

	2016	2015	2014	2013	2012
Loan value (\$m) ²	617.4	1,065.2	851.2	267.5	1,140.0
Transactions Closed					
Number of Category A transactions	-	-	-	-	1
Number of Category B transactions	3	7	5	4	5
Number of Category C transactions	1	1	-	-	3
Total transactions closed	4	8	5	4	9
Equator Principles – loan value by sector (%)					
Infrastructure	47	80	62	10	49
Power	9	6	-	90	6
Natural resources	45	14	38	-	45
Equator Principles – loan value by geography (%)					
Pacific	-	34	10	-	5
Australia	100	66	90	100	95
Equator Principles – loan value by category (%)					
Category A	-	-	-	-	25
Category B	76	91	100	100	44
Category C	24	9	-	-	31

1. Further detail on Westpac's commitments and performance under the Equator Principles can be found at <https://www.westpac.com.au/about-westpac/sustainability/performance-reports/>

2. Exchange rates assumed as at 30 September of each respective year.

Sector specific lending profiles¹

	2016	2015	2014	2013	2012
CleanTech and environmental services – Australia and New Zealand					
Total attributable financing (\$m)	6,193	6,054	7,978	6,438	3,140
Distribution by technology type (%):					
Energy efficiency	0.5	0.6	0.6	0.6	0.8
Green buildings	55.3	54.3	66.2	62.9	27.6
Green businesses	0.4	0.9	0.9	1.0	1.8
Renewable energy projects	34.2	34.6	24.7	26.3	49.1
Waste	3.1	3.7	3.5	3.6	7.0
Water	-	0.2	0.2	0.2	0.2
Forestry	5.3	5.4	3.5	3.5	7.5
Land remediation	-	0.1	0.1	1.7	-
Other	1.3	0.2	0.2	0.3	6.0
Electricity generation – Australia and New Zealand					
Total attributable financing (\$m)	3,099	3,330	3,197	3,097	2,727
Distribution by fuel type (%):					
Renewable ²	59.4	60.7	58.6	54.9	51.7
Other renewables	25.6	29.8	28.4	24.0	24.5
Hydro	33.8	30.9	30.2	30.9	27.2
Brown coal	3.1	2.9	4.0	4.5	5.2
Black coal	15.8	14.3	15.6	16.2	20.8
Gas	19.7	20.8	20.4	23.6	21.6
Liquid fuel	2.0	1.4	1.4	0.8	0.7
Westpac electricity generation portfolio emissions intensity (tCO ₂ -e/MWh)	0.38	0.38	0.41	0.44	-
Benchmark emissions intensity (NEM t/CO ₂ -e/MWh)	0.90	0.91	0.87	0.87	-

	2016	2015	2014	2013	2012
Mining					
Mining – Group					
Total mining exposure (\$m)	11,319	14,423 ⁴	-	-	-
Distribution by customer primary commodity (%):					
Coal mining	8	9	-	-	-
Oil and gas extraction	44	47	-	-	-
Iron ore mining	12	5	-	-	-
Other metal ore mining	15	19	-	-	-
Mining services	12	15	-	-	-
Other	9	5	-	-	-
Mining – Australia and New Zealand					
Total natural resources exposure (\$m) ³	8,105	8,785	7,578	6,160	-
Distribution by commodity (%):					
Coal mining	7.7	7.6	7.6	9.6	-
Oil and gas extraction	25.8	28.9	26.0	26.0	-

1. All data is based on total committed exposures (TCE).

2. Percentage of Renewable lending is the sum of exposure listed as Hydro and Other Renewables below.

3. Exposure for WIB only, excludes exposure in Commercial and Business Bank.

4. Increase in Group exposure partly due to reclassification of certain conglomerate customers to mining in 2H15.

Positive Impact Finance¹

	2016
Positive impact lending (\$m)	7,969.94
Positive impact deposits (\$m)	13,277.88
Total positive impact finance (\$m)	21,247.82

1. Includes lending to CleanTech and microfinance, as well as lending, deposits and wealth products for Indigenous Australian banking customers and customers in the social sector.

BTFG portfolio carbon intensity

Product/Fund	Carbon Intensity ¹		Exposure to carbon intensive industries ²		% of Fund covered by analysis ³
	Footprint (CO ₂ -e/\$m)	Benchmark	Fund weighting	Benchmark	
LSEP/AESA/BTSFL/WGP/BTBS¹					
Multi Manager Balanced Fund	239.3	261.2	14.6	16.8	55.1
LSEP/AESA/BTSFL/WGP					
MySuper Lifestage 1940s	231.4	260.9	14.1	16.7	19.1
MySuper Lifestage 1950s	232.7	261.2	14.3	16.7	29.3
MySuper Lifestage 1960s	235.6	261.9	14.6	17.0	53.6
MySuper Lifestage 1970s	237.8	262.4	14.8	17.1	71.7
MySuper Lifestage 1980s	238.1	262.4	14.8	17.1	74.2
MySuper Lifestage 1990s	238.1	262.4	14.8	17.1	74.2
MySuper Lifestage 2000s	238.1	262.4	14.8	17.1	74.2
BTBS/LSEP					
BT Multi-manager Conservative	242.5	261.4	15.1	16.8	19.9
Westpac International Share	352.5	193.5	12.5	14.2	100.0
BTBS					
Westpac Balance Growth	285.1	262.8	15.9	17.2	55.7
MySuper Lifestage 1940s	302.1	262.6	16.1	17.2	13.2
MySuper Lifestage 1950s	300.8	262.9	16.1	17.3	22.8
MySuper Lifestage 1960s	301.2	262.8	16.1	17.3	50.0
MySuper Lifestage 1970s	300.7	262.7	16.1	17.2	69.5
MySuper Lifestage 1980s	299.6	262.7	16.1	17.2	70.7
MySuper Lifestage 1990s	298.6	262.7	16.1	17.2	70.1
MySuper Lifestage 2000s	298.6	262.7	16.1	17.2	70.1
Westpac Moderate Growth	261.3	262.8	14.5	17.2	18.7
BT Active Balanced	300.2	262.8	16.9	17.2	55.3
BT Australian Sustainability Share	227.8	268.9	16.6	19.2	100.0
Westpac Australian Share	204.6	268.9	14.6	19.2	100.0
BT Multi-manager High Growth	240.6	261.1	14.7	16.7	75.5
BT Core Global Shares	436.9	253.1	15.8	14.2	100.0

Product/Fund	Carbon Intensity ¹		Exposure to carbon intensive industries ²		% of Fund covered by analysis ³
	Footprint (CO ₂ -e/\$m)	Benchmark	Fund weighting	Benchmark	
BTSFL					
BT Super for Life – Conservative Fund	227.8	268.9	16.6	19.2	24.3
BT Super for Life – Moderate Fund	227.8	263.1	16.6	17.4	37.7
BT Super for Life – Growth Fund	385.7	256.3	16.1	15.2	81.0
LSEP					
BT Conservative Outlook	292.3	262.8	16.9	17.2	18.2
BT Balanced Returns	293.1	263.2	16.9	17.4	41.9
Westpac Balanced	285.1	262.8	15.9	17.2	55.7
BT Multi-manager Growth	240.6	261.0	14.7	16.7	68.6
BT Future Goals	300.2	262.9	16.9	17.3	62.0
BT Multi-manager Australian Share	244.5	268.9	17.9	19.2	100.0
BT Australian Share	231.9	268.9	17.1	19.2	100.0
BT Ethical Share	221.6	268.9	16.2	19.2	100.0
BT Multi-manager International Share	224.0	253.1	10.1	14.2	100.0
AESA					
SMA Defensive	242.5	261.4	15.1	16.8	19.9
SMA Moderate	239.1	261.6	14.8	16.9	37.5
SMA Balanced	239.3	261.2	14.6	16.8	55.1
SMA Growth	239.7	261.0	14.6	16.7	68.6
SMA High Growth	240.6	261.1	14.7	16.7	75.5
LSF					
BT Balanced Returns	293.1	263.2	16.9	17.4	41.9

- Measurement of the Scope 1 and Scope 2 carbon emission intensity for the investment portfolios based on their exposure to Australian and International equities at 30 June 2016. For each company, carbon intensity is measured as tonnes of carbon dioxide equivalents (tCO₂e) per million Australian dollars of revenue. All carbon intensity data has been provided by TruCost Plc, a leading provider of environmental data.
- Weight of the top 5 most carbon-intensive sectors (based on the carbon intensity contribution to the benchmark at 30 June 2016). These 5 sectors contribute up to 70% of the carbon intensity of the portfolios, and include:
 - Utilities
 - Metals & Mining
 - Oil Gas & Consumable Fuels
 - Chemicals
 - Construction Materials
- The carbon analysis has been calculated on Australian and International equities held within the portfolio. Funds not covered by the analysis may include, for example, cash holdings and derivatives as well as other asset classes such as fixed interest, listed property and emerging market securities.

Notes:

- Data may change over time as holdings within the Fund change.
- A negative variance against benchmarks means the Fund is less emissions intensive, or has less exposure to carbon intensive industries, as compared to its benchmark.
- BTFG does not actively manage these Funds to a carbon benchmark; the analysis is used to understand where risks may lie within the portfolio, and provide customers with information on the investments they hold.

Total BTFG responsible investment funds under management

	2016	2015	2014	2013	2012
SRI (screened) ¹ (\$m)	2,384	1,499	1,693	1,376	981
ESG integration (\$m)	18,723	15,017	-	-	-

1. Number restated in 2015 to reflect BTFG funds. Prior to 2015 numbers represent BT Investment Management (BTIM) funds; from 2015 onwards BTIM is no longer a subsidiary of Westpac Group and is not represented in the data.

Additional metrics from 2017 Sustainability Strategy

Provide products and services to help customers adapt to environmental challenges

	2017 Target	2016	2015	2014	2013
Unique service offerings launched (cumulative number)	5	6	4	4	2

Increase lending and investment in CleanTech and environmental services

	2017 Target	2016	2015 ¹	2014	2013
Make up to \$6 billion available for lending and investment in CleanTech and environmental services (\$b)	Up to 6.0	6.2	6.1	8.0	6.4

1. From 2015, a higher threshold was used for green buildings, in line with property industry trends, accounting for the majority of the change from the previous year.

Help people gain access to social and affordable housing

	2017 Target	2016	2015	2014	2013
Make up to \$2 billion available for lending and investment in social and affordable housing sector by 2017 (\$b)	Up to 2.0	1.05	1.02	0.82	0.65

Environment

We measure and report progress against how we manage our direct and indirect environmental footprint.

For our direct environmental performance, we measure and report against a number of indicators, as set out in the tables below. These include our greenhouse gas (GHG) emissions, energy use, paper consumption, waste and recycling, water use, and business travel – all areas which support and contribute to the Group’s performance discipline, digital transformation and workforce revolution strategic priorities. Additional metrics from our 2017 Sustainability Strategy related to our objective to reduce our environmental footprint are also provided at the end of this section. All data reflects a 1 July – 30 June reporting year, unless otherwise stated.

For our indirect environmental performance, for example our lending to the CleanTech and environmental services sector, see [Sustainable lending and investment](#) performance from page 74. Strategic updates related to our indirect environmental performance are included in the [Positive societal impact](#) section from page 38 and [Value chain risk](#) section from page 48.

GHG Emissions

Group GHG emissions summary¹

	2016	2015	2014	2013	2012
GHG emissions (tCO₂-e)					
Total Scope 1 emissions	11,102	10,830	10,270	10,663	10,277
Total Scope 2 emissions	145,599	164,976	168,178	175,463	176,648
Total Scope 3 emissions	63,347	68,484	81,774	85,283	92,029
Total Scope 1 and 2 emissions (tCO₂-e)	156,701	175,806	178,448	186,126	186,925
Total Scope 1, 2 and 3 emissions (tCO₂-e)	220,048	244,290	260,222	271,409	278,954

1. Includes Westpac Group operations in Australia, New Zealand, the United Kingdom and the Pacific.

Group energy summary¹

	2016	2015	2014	2013	2012
Energy consumption (GJ)					
Energy consumption - Fuels	126,091	131,394	123,616	134,128	144,392
Energy consumption - Electricity	722,567	778,393	790,828	826,104	809,355
Total energy consumption (GJ)	848,658	909,787	914,444	960,232	953,747

1. Includes Westpac Group operations in Australia, New Zealand, the United Kingdom and the Pacific.

Absolute GHG emissions

	Group			Australia			New Zealand			Pacific			UK		
	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014
Scope 1 emissions (tCO₂-e)															
Stationary energy – Natural gas ¹	1,033	1,184	967	633	784	640	331	261	189	1	75	84	67	64	54
Stationary energy – Diesel	226	302	142	42	207	38	-	-	-	184	96	104	-	-	-
Stationary energy – LPG	1	4	6	1	4	6	-	-	-	-	-	-	-	-	-
Transport – Fleet vehicles	7,070	7,158	7,033	4,952	4,792	4,655	1,703	1,807	1,646	414	560	732	-	-	-
Refrigerants	2,773	2,181	2,122	2,617	1,986	1,950	155	195	172	-	-	-	-	-	-
Total Scope 1 emissions (tCO₂-e)	11,102	10,830	10,270	8,245	7,772	7,289	2,190	2,263	2,007	599	730	920	67	64	54
Scope 2 emissions (tCO₂-e)															
Purchased electricity	145,599	164,976	168,178	141,576	160,240	163,156	2,328	3,162	3,208	1,379	1,122	1,387	317	453	427
Total Scope 1 and 2 emissions (tCO₂-e)	156,701	175,806	178,448	149,821	168,012	170,445	4,518	5,425	5,215	1,978	1,852	2,307	384	517	481
Scope 3 emissions (tCO₂-e)															
Base building emissions ²	18,553	17,506	21,225	18,553	17,506	21,225	-	-	-	-	-	-	-	-	-
Transmission and distribution losses ³	20,416	24,053	31,789	20,152	23,783	31,423	263	270	366	-	-	-	-	-	-
Transport – Fleet vehicles	263	379	369	263	379	369	-	-	-	-	-	-	-	-	-
Business travel – Air	10,531	12,280	11,173	8,500	10,436	9,537	1,758	1,460	1,312	-	-	-	274	385	324
Business travel – Hire vehicles & personal vehicles ⁴	234	303	216	116	138	98	118	165	118	-	-	-	-	-	-
Business travel – Taxis	586	661	671	479	565	579	107	97	92	-	-	-	-	-	-
Business travel – Hotels ⁵	2,382	57	41	2,328	-	-	54	57	41	-	-	-	-	-	-
Paper consumption	7,695	11,252	13,854	7,190	10,471	13,060	447	580	640	44	199	152	14	2	2
Waste – Landfill	2,028	1,992	2,435	1,922	1,655	2,027	106	337	408	-	-	-	-	-	-
Water ⁶	660	-	-	660	-	-	-	-	-	-	-	-	-	-	-
Total Scope 3 emissions (tCO₂-e)	63,347	68,484	81,774	60,163	64,933⁷	78,318	2,853	2,966	2,978	44	199	152	288	387	326
Total Scope 1, 2 and 3 emissions (tCO₂-e)	220,048	244,290	260,222	209,984	232,945	248,763	7,371	8,391	8,193	2,022	2,051	2,459	672	904	807

1. NZ 2014 data restated due to finalised 2014 emission factors from NZ Ministry for the Environment. Pacific 2014 restated to ensure consistency of calculation methodology.

2. Reported for Australia only.

3. From 2016 transmission and distribution losses includes losses associated with usage of natural gas, diesel and LPG in Australia.

4. Emissions from personal vehicles are reported for New Zealand only. Hire vehicles are reported for both Australia and New Zealand.

5. Reported for New Zealand only.

6. New metric for 2016.

7. Restatements made to data from past years to reflect updated calculation methodology.

GHG emissions intensity

	Group			Australia			New Zealand		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Scope 1 and 2 emissions (tCO ₂ -e)/employee (FTE) ¹	4.4	4.9	5.0	4.8	5.7	5.7	1.1	1.2	1.2
Scope 1 and 2 emissions (tCO ₂ -e)/m ²	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.1	0.04

1. FTE metric is based on total FTE as at 30 June annually. 2014 data restated to align with FTE methodology.

Energy

Energy consumption

	Group				Australia			New Zealand			Pacific			UK		
	2016	2015	2014	2016	2015	2014	2016	2015	2014 ¹	2016	2015	2014	2016	2015	2014	
Energy consumption – Fuels (GJ)																
Stationary energy – Natural gas	18,452	21,562	17,643	12,291	15,265	12,475	6,148	4,840	3,539	12	1,456	1,628	1	1	1	
Stationary energy – Diesel	3,229	4,352	2,046	591	2,972	551	-	-	-	2,637	1,380	1,495	-	-	-	
Stationary energy – LPG	19	72	96	19	72	96	-	-	-	-	-	-	-	-	-	
Transport – Fleet vehicles	104,391	105,409	103,830	73,063	71,580	69,533	24,177	25,641	23,545	7,150	8,187	10,753	-	-	-	
Total energy consumption – Fuels (GJ)	126,091	131,394	123,616	85,965	89,888	82,655	30,325	30,481	27,084	9,799	11,023	13,876	1	1	1	
Energy consumption – Electricity (GJ)																
Purchased electricity	722,567	778,393	790,828	616,138	673,243	681,715	83,807	85,907	86,193	19,853	16,137	19,986	2,767	3,106	2,934	
Total energy consumption (GJ)	848,656	909,787	914,444	702,104	763,131	764,370	114,133	116,338	113,277	29,652	27,160	33,862	2,767	3,108	2,935	

1. NZ 2014 transport fuels restated to align with calculation methodology used in other regions.

Energy intensity

	Group			Australia			New Zealand		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Energy (GJ)/employee (FTE)	23.1	25.6	25.3	22.6	25.9	25.4	27.5	25.6	25.0
Energy (GJ)/m ²	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

1. FTE metric is based on total FTE as at 30 June annually. 2014 data restated to align with FTE methodology.

Paper Consumption

	2016	2015	2014	2013	2012
Paper consumption (tonnes)					
Australia	2,890	4,319	4,741	5,101	5,360
New Zealand	414	537	593	661	669
Pacific ¹	59	71	54	55	-
UK	9	2	2	3	-
Total paper consumption	3,372	4,929	5,390	5,820	6,029
Percentage of carbon neutral paper - Australia	30	28	15	18	-
Percentage including FSC accredited content (%) - Australia ²	85	81	82	65	68
Percentage including recycled content (%) - Australia	15	12	18	10	9

1. Pacific paper consumption for 2013 and 2014 restated to align with calculation methodology used in other regions.
2. All New Zealand office paper is FSC accredited. All UK office paper is recycled paper.

Office paper consumption

	2016	2015	2014	2013	2012
Office paper (tonnes)/employee (FTE) - Australia	0.09	0.15	0.16	0.17	0.18
Office paper (tonnes)/employee (FTE) - New Zealand	0.10	0.12	0.13	0.14	0.14

Waste and recycling

Recycling

	2016	2015	2014	2013	2012
Paper recycling (tonnes)					
Australia ¹	2,039	2,234	2,194	2,311	2,339
New Zealand	618	583	666	586	710
United Kingdom	9	9	9	10	2
Total paper recycling (tonnes)	2,666	2,827	2,869	2,907	3,051
General recycling (tonnes)					
Australia - Commercial	600	746	787	869	-
Australia - Retail	83	143	145	130	-
New Zealand	86	91	-	-	-
United Kingdom	2	2	2	2	-
Total general recycling (tonnes)	772	982	934	1,001	-
Specialty recycling (tonnes)					
Australia - Fluorescent tubes ²	4	2.9	4.3	3.0	4.4
Australia - E-waste	65	220.2	28.6	32.3	-
Total specialty recycling (tonnes)	68.5	223.1	32.9	35.3	4.4
Total recycling (tonnes)	3,506	4,032	3,836	3,943	3,055

1. Australian data restated from 2014 and 2013 to remove cardboard recycling. Cardboard recycling is reported under General Recycling.
2. Australia participates in the Fluorocycle Program.

Waste to landfill

	2016	2015	2014	2013	2012
Waste to landfill (tonnes)					
Australia - Commercial	1,147	1,114	1,090	1,587	-
Australia - Retail	332	391	505	982	-
New Zealand	151	183	222	253	-
Total waste to landfill	1,629	1,688	1,817	2,822	-

Water

Water consumption

	2016	2015	2014	2013	2012
Water consumption (kL)					
Australia - Commercial	262,448	355,484	337,206	301,546	269,091
Australia - Retail	222,907	248,580	229,016	244,378	204,416
Total water consumption	485,354	604,064	566,222	545,924	473,507

Water intensity

	2016	2015	2014	2013	2012
Water consumption (kL/m²)					
Australia - Commercial	0.72	1.10	0.97	0.58	0.74
Australia - Retail	0.56	0.60	0.56	0.58	0.48

Business Travel

Land travel

	2016	2015	2014	2013	2012
Fleet - Total distance travelled (m km)					
Australia	23	23	22	34	26
New Zealand	-	9.0	-	-	-
Hire vehicles and personal vehicles - Total distance travelled (m km)¹					
Australia	0.6	0.7	0.4	0.9	-
New Zealand	0.6	0.7	0.5	1.1	-
Fleet - Emissions/vehicle (tCO₂-e/vehicle)					
Australia	4.6	4.7	4.8	3.6	4.8
New Zealand	4.5	4.7	4.3	4.5	4.9
Fleet - Fuel consumption/vehicle (kL/vehicle)					
Australia	2.0	2.1	2.1	1.6	2.1
New Zealand	1.6	1.7	1.6	1.7	1.9

1. Emissions from personal vehicles are reported for New Zealand only. Hire vehicles are reported for both Australia and New Zealand.

Air travel

	2016	2015	2014	2013	2012
Distance travelled - Domestic					
Australia (m pkm) ¹	46	53.8	50.6	52.6	46.2
New Zealand (m pkm)	7	5.7	5.3	7.2	7.8
United Kingdom (m pkm)	0	0.3	0.4	0.4	0.2
Total distance travelled - Domestic	53.0	59.7	56.3	60.1	54.2
Distance travelled - International					
Australia (m pkm)	23.4	28.6	24.0	17.9	13.4
New Zealand (m pkm)	4.7	4.1	3.3	3.6	3.4
United Kingdom (m pkm)	1.5	2.2	1.8	1.2	0.9
Total distance travelled - International	29.6	34.9	29.1	22.7	17.7
Total distance travelled	82.6	94.6	85.4	82.8	71.9

1. In 2015, all Trans-Tasman air travel is reported under International. Prior to 2015, Trans-Tasman air travel was included as Domestic travel for Australia.

Additional metrics from 2017 Sustainability Strategy

Reducing our environmental footprint

	2017 Target	2016	2015	2014	2013
Electricity efficiency in commercial and retail sites (kWh/m ²) ^{1,2}	181	180	193	198	200
Electricity usage in commercial and retail sites (MWh) ¹	154,496	155,917	165,402	168,839	172,956
Scope 1 & 2 GHG emissions in commercial and retail sites (tonnes CO ₂ -e) ¹	121,884	115,484	127,608	131,393	137,374
Power Usage Effectiveness (PUE) - Australia	1.6	1.6	1.7	1.7	1.7
Maintain carbon neutrality	Maintain	Maintained	Maintained	Maintained	Achieved
Office paper (tonnes)	1,340	1,257	1,299	1,415	1,523
Recycling rate in Sydney head offices (%)	75	73	61	59	55
Water consumption in Sydney head offices (kL)	137,064	140,708	171,559	171,330	-

1. Electricity efficiency, electricity usage and GHG targets include all Australian and New Zealand commercial and retail properties only. Excludes ATMs, stand-alone data centres and fleet.

2. Rebased in 2014/2015 to align boundary and methodology used in New Zealand to be consistent with Australia.

Suppliers

Recognising that the actions of our suppliers are important to our sustainability performance, our Sustainable Supply Chain Management (SSCM) Framework provides strong foundations for us to better understand and manage risks and opportunities in our supply chain. This is achieved through clear standards of ethical, social and environmental business practices for suppliers, outlined in our SSCM Code of Conduct. We also released our new Supplier Inclusion and Diversity Policy which formalises our aspiration to increase the proportion of products and services we buy from businesses that are driven by a social or environmental mission, or that support people from minority or under-represented backgrounds. To track the sustainability performance of our supply chain, we measure and report on a number of indicators, including the extent of our assessment of suppliers against our SSCM Code of Conduct and the number of and spend with Indigenous Australian Suppliers. These metrics will continue to expand as we implement our new policies.

Our supplier programs support and contribute to the Group's Performance Discipline and Targeted Growth strategic priorities, and strategic updates are included in the [Positive societal impact](#) section from page 38 and [Value chain risk](#) section from page 48.

All information reported (with the exception of supply chain spend) reflects Australian data only. We have continued the process of extending the principles of the SSCM Framework to other geographies.

Total supply chain spend¹

	2016	2015	2014 ²	2013 ²
Australia (\$bn)	4.37	4.97	5.37	4.88
New Zealand (\$bn)	0.54	0.46	0.50	0.48
Westpac Pacific (\$bn) ¹	0.02	0.02	0.02	0.02
Total supply chain spend (\$bn)	4.92	5.45	5.89	5.38

1. Includes only spend captured through Group reporting systems. Excludes in-country spend.
2. Spend in 2013 and 2014 restated to reflect a change in definition to exclude a number of expenditure items not directly involving suppliers, for instance staff reimbursements.

Indigenous Australian suppliers

	2016	2015	2014	2013	2012
Spend with Indigenous Australian suppliers - Tier 1 (\$ million)	1.6	1.2	-	-	-
Spend with Indigenous Australian suppliers - Tier 2 (\$ million)	0.13	0.04	-	-	-
Number of Indigenous Australian suppliers (cumulative)	16	15	-	-	-

Top suppliers by type¹

	2016	2015	2014	2013	2012
Percentage of supply chain spend					
Products, marketing and digitisation (%)	22	21	-	-	-
Operations and property (%)	21	26	-	-	-
Workforce enablement, services and wealth (%)	17	19	-	-	-
IT and telecommunications (%)	40	34	-	-	-

1. % of top 80. FY16 calculation methodology updated to better align with spend across portfolio.

Top suppliers self-assessed against SSCM Code of Conduct

	2016	2015	2014	2013
Top suppliers self-assessed (%)	100	100	100	98
Self assessed suppliers as % of total supply chain spend	68	74	73	73

Social and economic impact

We measure and report the economic value we generate as well as our overall community investment, including charitable giving through donations, grants, volunteering and scholarships and the financial education we provide. Our performance against a number of indicators is set out in the tables below. We also continue to report social impact measures which demonstrate the value being generated for our customers and communities through our initiatives, beyond dollars or time. Our Reconciliation Action Plan Scorecard is also provided to summarise our progress towards our 2017 objectives and targets. For further detail, refer to [Positive societal impact](#) section from page 38.

Our five-year Sustainability Strategy also sets out the social impact related targets we aim to achieve by 2017. These targets, and our progress against them, are set out in the [Better financial futures](#) section from page 14.

Economic impact

Value generation and distribution (\$m)^{1,2}

	2016	2015	2014	2013	2012
Direct economic value generated (\$m)					
Net interest income	15,148	14,267	13,542	12,821	12,502
Non-interest income	5,837	7,375	6,395	5,774	5,481
Net operating income	20,985	21,642	19,937	18,595	17,983
Supplier and non-salary input costs	(4,723)	(4,311)	(3,928)	(3,873)	(3,993)
Depreciation and impairment charges	(2,136)	(2,203)	(1,447)	(1,527)	(1,831)
Direct economic value generated	14,126	15,128	14,562	13,195	12,159
Direct economic value distributed (\$m)					
Shareholders (dividends and comprehensive income attributable to non-controlling interests)	6,143	5,808	5,901	5,633	4,990
Governments (income tax expense)	3,184	3,348	3,115	2,947	2,812
Employees (salaries and bonuses)	3,482	3,596	3,605	3,292	3,272
Community (community investments) ³	148	149	217	131	133
Direct economic value distributed³	12,957	12,901	12,838	12,003	11,207
Economic value retained for future growth ³	1,169	2,227	1,724	1,192	1,060
Total economic value distributed and retained	14,126	15,128	14,562	13,195	12,267

1. This financial summary is prepared in accordance with AIFRS. Where accounting classifications have changed or where changes in accounting policy are adopted retrospectively, comparatives have been revised and may differ from results previously reported.

2. The extracts for 2014 and 2013 are derived from the consolidated financial statements included in the 2014 Westpac Group Annual Report and prior years are derived from financial statements previously published.

3. 2015 figure restated to reflect updates in calculation methodology.

4. The methodology of this calculation in 2015 changed from reporting in prior years. In 2014 and 2013, depreciation and impairment charges were included as a distribution of economic value. In 2015 they were classified as a component of value generation and therefore deducted from direct value generated.

Community investment

Community investment summary

	2016	2015 ⁴	2014	2013 ¹	2012
Australia (\$)	137,586,780	139,911,253	211,185,891	126,343,246	128,427,285
Westpac New Zealand (\$) ²	9,825,925	8,010,153	5,591,175	4,344,157	4,349,815
International (\$) ³	491,307	876,208	256,387	544,118	679,525
Group Community Investment (\$)	147,904,012	148,797,614	217,033,452	131,231,521	133,456,625
Community investment as a % of operating profit before income tax (cash basis) (%)	1.32	1.33	1.99	1.28	1.41
Operating profit before income tax (cash basis) (\$m)	11,181	11,152	10,924	10,227	9,485
Community investment as a % of pre-tax profits (%)	1.39	1.30	2.02	1.33	1.50
Pre-tax profit - Westpac Group (\$m)	10,644	11,416	10,740	9,772	8,814

- 2013 operating profit before income tax and pre-tax profit figures restated due to adoption of new or revised accounting standards.
- The exchange rate for NZD in 2016 was 1.0742 based on the average rate at 30 September 2016 (2015: 1.0802, 2014: 1.1195, 2013: 1.2153, 2012: 1.2891).
- International includes offices in the United States, United Kingdom, Pacific, and key Asian centres. FY15 was the first reporting year for International. The exchange rate for SGD is based on the average rate at 30 September 2016: 1.0163. Pacific data has been merged into International for FY16 onwards, and FY15 includes disaster response activities related to Cyclone Pam in Vanuatu.
- 2015 figure restated to reflect updates in calculation methodology.

Community investment by type (\$)

	2016	2015	2014	2013	2012
Monetary contributions					
Charitable gifts	2,958,256	4,545,270	102,407,012	1,806,019	2,190,472
Matched giving	3,418,365	2,684,623	2,688,221	2,311,112	2,057,708
Community partnerships (refer to breakdown below)	14,962,735	16,242,553	17,819,533	14,966,733	14,715,678
Total monetary contributions	21,339,355	23,472,446	122,914,766	19,083,863	18,963,858
Time contributions					
Volunteer time	2,779,366	3,330,252	2,706,460	2,105,730	1,597,899
Employee secondments	498,286	99,760	77,073	287,769	179,249
Indigenous community secondments/volunteering	1,719,331	1,231,000	894,000	817,688	483,057
Total time contributions¹	4,996,984	4,661,013	3,677,533	3,211,187	2,260,205
In-kind contributions					
Foregone fee revenue - not-for-profit organisations ²	8,203,396	8,307,830	2,277,984	2,295,354	2,440,606
Foregone fee revenue - other fee free accounts ²	90,021,519	92,373,664	84,843,576	104,504,963	106,451,372
In-kind gifts or donations	1,233,952	916,965	434,905	307,941	835,211
Indigenous in-kind	142,676	188,872	169,374	148,800	100,056
Total in-kind contributions¹	99,601,543	101,787,331	87,725,839	107,257,058	109,827,245
Management costs					
Management costs - General ³	3,902,710	4,577,380	2,188,868	1,776,557	1,929,701
Management costs - Indigenous ³	712,173	810,590	526,445	522,855	475,616
Total management costs¹	4,614,882	5,387,970	2,715,313	2,299,412	2,405,317
Total excluding commercial sponsorships¹	130,552,764	135,308,759	217,033,451	131,851,520	-⁴
Commercial sponsorships	17,351,248	13,488,855	20,886,973	16,679,654	- ⁴
Group total¹	147,904,012	148,797,614	237,920,424	148,531,174	133,456,625

- Restatements made to data from past years to reflect updated calculation methodology.
- 2015 and 2016 figures calculated using an updated calculation methodology to better reflect customer numbers.
- In 2015 a new methodology was used in the calculation to include non-wage administration costs, such as communications, evaluation and research, related to community investment.
- Commercial sponsorships were not broken out in FY12 data.

Financial education – number of participants

	2016	2015	2014	2013	2012
Australia	2,212	4,038	5,022	3,132	2,407
New Zealand ¹	29,377	34,320	21,034	8,870	17,967
Pacific Banking	28,007	27,180	23,756	20,575	15,808
Group total	59,596	65,538	49,812	32,577	36,182

1. Restatement made to 2015 data to reflect updated calculation methodology for Video Tips digital resources.

Financial education – number of hours¹

	2016	2015	2014	2013	2012
Australia	4,210	4,705	7,390	5,100	14,006
New Zealand ²	10,070	13,231	8,859	12,162	15,424
Group total³	14,280	17,936	16,249	17,262	29,430

1. Hours data not available for the Pacific.

2. Restatement made to 2015 data to reflect updated calculation methodology for Video Tips digital resources.

3. The download trend in number of hours from 2012 is attributable to the shift from face to face to online financial literacy training and self-help tools.

Our Foundations

Family of Giving distribution and grants

	2016	2015	2014
Distribution (\$)			
Westpac Bicentennial Foundation	2,480,174	150,000	- ¹
Westpac Foundation	1,331,287	2,403,687	2,382,362
St.George Foundation	1,899,701	1,429,841	741,387
Bank of Melbourne Neighbourhood Fund ^{2,3}	636,307	116,060	373,374
BankSA Fund ^{2,3}	156,280	81,700	485,107
Total distribution	6,503,749	4,181,288	3,982,230
Number of grants/scholarships			
Westpac Bicentennial Foundation	122	38	- ¹
Westpac Foundation	123	131	104
St.George Foundation	53	54	43
Bank of Melbourne Neighbourhood Fund ²	22	52	25
BankSA Fund ²	7	42	25
Total number of grants/scholarships	327	317³	197

1. Westpac Bicentennial Foundation was established in April 2014.

2. Difference in distribution and numbers for FY16 due to grant distribution timelines and changes in grant structure. A number of grants were made in FY15 and some will be made in FY17.

3. Restatements made to data from past years to reflect updated calculation methodology.

Family of Giving distribution by State (\$)

	2016	2015	2014
National	290,633	389,483	782,072
NSW/ACT	2,457,963	1,862,553	1,257,229
VIC/TAS	1,871,598	532,820	620,374
QLD	980,439	605,775	533,158
SA/NT	337,990	201,860	560,107
WA	565,126	538,797	129,290
Pacific	-	50,000	100,000

Family of Giving distribution by type (\$)

	2016	2015	2014
Community grants – locally focused ¹	1,746,841	1,067,764	1,446,771
Community grants – organisations supporting children	1,899,701	1,429,841	741,387
Retired employee hardship grants	107,033	54,483	72,072
Scholarships	2,480,174	150,000	- ²
Social enterprise grants ³	270,000	1,479,200	1,722,000

1. Includes Indigenous Australian focused grants of \$230,943 in FY16, \$138,621 in FY15 and \$90,000 in FY14.

2. Westpac Bicentennial Foundation was established in April 2014.

3. Due to the launch of our new Social Scale-up programs, social enterprise grants worth \$500,000 have been approved in FY2016 but released on the first week of 2017. Includes Indigenous focused grants of \$583,160 in FY15 and \$390,000 in FY14.

Social impact

Social impact framework measures¹

	2016	2015
Helping out in times of need		
Customers provided with natural disaster relief packages	216	469
Individuals assisted in times of crisis by community organisations supported by Westpac Group	1,364	2,000
Customers who sought assistance from Westpac Assist specialists to manage through financial hardship ²	39,516	54,544
Customers experiencing financial hardship who accessed a financial assistance package	30,759	50,005
Enabling more inclusive banking and building financial capability		
Westpac Group products and services and supported community partner delivered products and services (e.g. microfinance) for individuals that are financially excluded or in underserved communities	7	7
Individuals completing Westpac Group financial literacy training	59,596	65,538
New customers accessing basic banking for the first time in the Pacific	64,615	67,114
Businesses established or expanded with support from Westpac's microfinance partner Many Rivers	266	177
Westpac Group employees participating in Many Rivers Microfinance Mentoring Program	11	-
Investing on economic wellbeing and greater prosperity		
Micro and social enterprises established or expanded that have received Westpac Group assistance e.g. micro-enterprise loans or social enterprise grants	313	250
Employment pathways supported at social enterprises by Westpac Foundation (cumulative)	2,912	1,932
Jobs supported at social enterprises by Westpac Foundation (cumulative)	839	389
Number of employees involved in skilled mentoring and volunteering	237	122
Hours given by employees to skilled mentoring and volunteering	5,019	21,708
Grants designed to improve economic wellbeing made by the Westpac Foundation ³	69	25
Advancing the nation through social change		
Scholarships awarded to individuals by the Westpac Bicentennial Foundation	122	38

1. In the metrics contained in this table: Individuals refers to members of the public who may or may not be Westpac Group customers, Customers refers to individuals who and businesses that are current customers of the Westpac Group, Employees refers to current employees of the Westpac Group and Communities refers to the broader communities within which Westpac Group operates. In the first two years these metrics are largely focused on Westpac Group's Australian businesses, however there is scope to expand the data set in coming years to cover the whole Group.

2. 2015 figure restated to reflect updated calculation methodology which is now based on the application lodgement date instead of the date at which discussions were held with the customer.

3. 2016 data includes 46 Community Grants, 13 hardship, 6 pensioner and 4 social enterprise grants. Community, hardship, and pensioner grants not included in previous years.

Reconciliation Action Plan progress

Reconciliation Action Plan Scorecard

Objectives and Measures	Target by 2017	2016	2015
Meaningful careers			
Indigenous Australians recruited (cumulative number)	500 ¹	290	150
Indigenous Australian university student interns recruited through CareerTrackers Indigenous Internships Program (cumulative number)	120 ²	60	34
Retention reporting framework and career retention programs tailored to Indigenous Australian employees	Implementation of programs	Program development progressed	Program design progressed
Financial inclusion			
Indigenous Australian organisations that undertake Westpac financial education training (cumulative number)	30	37	10
Visits to Indigenous Australian Communities by Westpac Indigenous Business Managers to engage and assess financial inclusion needs (cumulative)	30	64	25
Supply chain spend directed to Indigenous Australian businesses (cumulative \$m)	3	2.8	1
Indigenous Australian businesses utilised in Westpac's supply chain (cumulative number)	10	16	9
Investigate and implement new product and service offerings to better meet the needs of Indigenous Australians	Address opportunities	Progressing	Progressing
Strong and thriving communities			
Time spent by Westpac Group employees on secondments ³ with Indigenous community organisations through Jawun	276 weeks each year	340 weeks during the year	391 weeks during the year
Financial grants made to organisations supporting Indigenous Australians (number)	Increase YOY	21	24
Financial grants made to organisations supporting Indigenous Australians (\$)	Increase YOY	230,943 ⁴	721,781
Recognition and advocacy			
Completions of Indigenous Cultural Awareness training modules by employees	Increase YOY	2,283	1,442
Branches with permanent signs which acknowledge Traditional Owners of land (number)	Full network	750 ⁵	750
Community visits by Westpac Group senior leaders to organisations through Jawun (cumulative visits)	15	11	6
Improve outcomes in biennial RAP Employee Perception Barometer	Improve biennially	Increase in positive attitudes and perceptions ⁶	Survey in late 2016

1. 2015-17 cumulative target, introduced to align with 2015-17 Reconciliation Action Plan.

2. Westpac aims to recruit at least 400 Indigenous Australian university interns over the 10 years to 2025 through our partnership with CareerTrackers.

3. Included five 12-week and two 6-week secondments to support Empowered Communities program.

4. Westpac Foundation awarded fewer grants in 2016 due to a program restructure that increased focus on supporting established social enterprises towards investment readiness.

5. Rollout complete to all Westpac brand branches. BT Financial Group will introduce signage in 2017.

6. Improvements made on development areas identified in the 2014 survey results including higher participation in RAP events and belief that Indigenous Australians hold a unique place as first Australians.



Other information

Global Reporting Initiative Index

General Standard Disclosures

Indicator	Description	Location
Strategy and Analysis		
G4-1	Statement from most senior decision maker	A message from the Chairman and CEO (p.4) 2016 Annual Review and Sustainability Report: CEO's Letter (p.12)
G4-2	Description of key impacts, risks and opportunities	The issues that matter (p.16) The fundamentals (p.55)
Organisational Profile		
G4-3	Name of organisation	Westpac Banking Corporation
G4-4	Primary brands, products and services	Website: Company overview - Our businesses
G4-5	Location of headquarters	275 Kent St, Sydney NSW 2000, Australia
G4-6	Countries of operation	Website: Global locations
G4-7	Nature of ownership and legal form	Publicly company limited by shares under the Australian Corporations Act 200 (Cth)
G4-8	Markets served	Website: Company overview - About us
G4-9	Scale of the organisation	2016 Annual Review and Sustainability Report: Divisional contribution chart (p.18), 5 year summary (p.28-29)
G4-10	Workforce overview	Performance metrics: Employees (p.67)
G4-11	Coverage of collective bargaining agreements	Approximately 99% of Westpac Group employees in Australia were covered by a collective agreement as at the end of September 2016. In New Zealand the coverage is approximately 22%. In Fiji, our Collective Agreement became null and void on 8 November 2011 by virtue of the Fijian Government's essential National Industries Decree of July 2011. However, Westpac continued to apply the terms and conditions of employment set out in the collective agreement as they apply to individual employees. In early 2016, Westpac commenced negotiating a new collective agreement with the FBSE union following the repeal of the Fijian Government's essential National Industries Decree in September 2015. In Papua New Guinea, Westpac is currently considering a log of claims it received in September 2016 from the Papua New Guinea Banks and Financial Institutions Workers Union. Other international based employees are not covered due to specific local industrial relations arrangements.
G4-12	Supply chain	Website: Sustainable Sourcing Performance metrics: Suppliers (p.83)
G4-13	Changes during the reporting period	Website: Latest presentations and results
G4-14	Precautionary approach or principle	Westpac publicly recognises this principle through our signatory to the United Nations Global Compact and in the implementation of our risk frameworks.
G4-15	External sustainability initiatives subscribed to	Website: Our commitments and partnerships
G4-16	Associations and advocacy organisations	The fundamentals (p.55)

Indicator	Description	Location
Identified Material Aspects and Boundaries		
G4-17	List of entities in the financial statements	2016 Annual Report: Note 35. Investments in subsidiaries and associates (p.220) This does not include philanthropic foundations that are not owned or operated by the Group.
G4-18	Process for defining report content and boundaries	The issues that matter (p.17) The fundamentals (p.62)
G4-19	Material aspects/issues	The issues that matter (p.17) Global Reporting Initiative Index (p.90)
G4-20	Aspect boundaries for material aspects/issues within Westpac	The fundamentals (p.62-65) Global Reporting Initiative Index (p.90)
G4-21	Aspect boundaries for material aspects/issues outside Westpac	
G4-22	Impacts of restatements	All restatements are noted within the relevant data sets
G4-23	Significant changes in scope and aspect boundaries	No significant changes have been made from previous period
Stakeholder Engagement		
G4-24	Stakeholder groups engaged	The fundamentals (p.61)
G4-25	Identification and selection of stakeholders	2016 Annual Review and Sustainability Report: CEO's Letter (p.12)
G4-26	Approach to stakeholder engagement	Website: Stakeholder Engagement Framework
G4-27	Key topics and concerns raised by stakeholders	
Report Profile		
G4-28	Reporting period	1 October 2015 – 30 September 2016 unless otherwise stated
G4-29	Date of most recent report	2015 Sustainability Performance Report
G4-30	Reporting cycle	Annual
G4-31	Contact point for the report	sustainability@westpac.com.au Telephone +61 2 8254 8488
G4-32	GRI Content Index for 'In accordance - comprehensive' option	Global Reporting Initiative Index (p.90)
G4-33	External assurance	The fundamentals (p.55) Assurance statement (p.99)
Governance		
Governance structure and composition		
G4-34	Governance and structure of the organisation	2016 Annual Report: Information on Westpac (p.14), Corporate Governance (p.24), and Director's Report (p.25)
G4-35	Delegation process from Board to senior executives	Website: Corporate Governance Statement
G4-36	Executive level positions with responsibility for sustainability	The fundamentals (p.55)
G4-37	Process for consultation between stakeholders and the highest governance body	The fundamentals (p.55)
G4-38	Board breakdown	2016 Annual Report: Directors Report – Directors (p.25)
G4-39	Chair of the Board also an executive officer	The Chair of the Westpac Board is an independent director and a non-executive member
G4-40	Nomination process	Website: Corporate Governance Statement
G4-41	Board conflicts of interest	

Global Reporting Initiative Index Assurance statement Glossary and definitions

Indicator	Description	Location
Highest governance body's role in setting purpose, values and strategy		
G4-42	Board and senior executive involvement in sustainability	The fundamentals (p.55)
Highest governance body's competencies and performance evaluation		
G4-43	Measures taken to develop Board understanding of sustainability	Regular Board reporting and discussion forums held every six months as outlined in: The fundamentals (p.55)
G4-44	Evaluation of Board governance performance	Independent reviews of Board performance are undertaken annually as outlined in: Website: Corporate Governance Statement Results of independent benchmarks are reported in: The fundamentals (p.60)
G4-45	Board role in ESG risk identification	The fundamentals (p.55)
Highest governance body's role in risk management		
G4-46	Board role in review of ESG risk policies	Website: Constitution and the Board - Board Charter Also refer to G4-48
G4-47	Frequency of review of ESG risks	Website: Corporate Governance Statement
Highest governance body's role in sustainability reporting		
G4-48	Highest position that reviews and approves the sustainability report	Sustainability information included in the Annual Report and the Full Year Financial Results is approved by the Board. This report is approved by the Group General Counsel & Chief Compliance Officer. The General Manager, Corporate Affairs and Sustainability and the Head of Investor Relations ensure that all material aspects are covered in our reporting.
Highest governance body's role in evaluating economic, environmental and social performance		
G4-49	Process for communicating critical concerns to the highest governance body	Website: Stakeholder Engagement Framework The fundamentals (p.55)
G4-50	Nature and total number of concerns reported to the highest governance body	2016 Annual Report: Risk Management (p.100) Quarterly reporting to the Board Risk and Compliance Committee (BRCC) typically contains 2-3 critical ESG issues.
Remuneration and incentives		
G4-51	Board remuneration report	2016 Annual Report: Remuneration Report (p.39)
G4-52	Process for determining Board remuneration	
G4-53	Process to seek stakeholder views on remuneration	The outcome of the annual vote on remuneration at the AGM is provided on our website. Last year it was passed (82% Yes vote) Website: 2015 Presentations and AGM
G4-54	Ratio of organisation's highest paid individual to the median	Performance metrics: Employees (p.67)
G4-55	Ratio of the percentage increase in G4-54	Performance metrics: Employees (p.67)

Indicator	Description	Location
Ethics and Integrity		
G4-56	Description of the organisations values and principles	The fundamentals (p.55) Performance metrics: Employees (p.67), Suppliers (p.83) Website: Sustainable supply chain management – Supplier Code of Conduct Website: Corporate governance – Operating principles and policies Website: The way we work – Principles for Doing Business Website: Company Overview – Our strategy and vision
G4-57	Internal and external mechanism for seeking advice on ethical and lawful behaviour	Website: Operating principles and policies – Whistleblower Protection Policy
G4-58	Mechanisms for reporting concerns about lawful and unlawful behaviour	In addition to the channels above external concerns can be raised via our call centres or online at: Website: Feedback and complaints Website: Feedback and complaints – Resolve complaints (Complaint resolution policy) includes links to relevant external bodies through which concerns can be raised.

Disclosures on Management Approach (applicable to all aspects)

An overview of the process used to determine our material issues and aspects together with the underlying reasons why they have been deemed material is set out in 'Material topics and management approach' on pages 62-65. Further detail, including our impacts and response is also available at the relevant pages referenced within this section.

Our overall approach to managing the underlying issues associated with these aspects is set out in 'The fundamentals' section of this report on pages 55-65. This includes an overview of the relevant governance and policy frameworks, details of internal reviews undertaken during the year, and the key issues that are raised by and are important to stakeholders. Our current performance, including targets can be found within the detailed performance tables in this report, the GRI table, and discussions on the performance against our sustainability strategy.

Wherever possible, our approach is to reduce any negative impacts associated with our activities and seek opportunities to enhance the positive impacts.

Information on our current activities, including performance against targets, is referenced within 'Material topics and management approach' and are also detailed throughout this report as well as the 2016 Annual Review and Sustainability Report.

More specific information, including publicly available copies of the relevant policies can be found online where indicated for each GRI aspect below.

Specific Standard Disclosures

Material Aspects	Description	Location
Economic		
Economic Performance		
<i>Aspect-specific management approach - 2016 Annual Report</i>		
G4-EC1	Direct economic value generated and distributed	Performance metrics: Social and economic impact (p.84)
G4-EC2	Financial implications of climate change	Our Progress: Environmental solutions (p.12) Website: Performance Reports - 2016 CDP Submission Website: Climate change and environmental issues
G4-EC3	Coverage of organisation's defined benefit plan obligations	Our Australian and Pacific operations have regulatory requirements for employers to make contributions to defined contribution and savings plans, known as superannuation. Employees are free to choose their own superannuation fund. In New Zealand, Westpac employees are offered the option of a defined contribution scheme as outlined on: Website: Westpac New Zealand
G4-EC4	Financial assistance received from government	No significant financial assistance has been received from governments during 2016.
Indirect Economic Impacts		
<i>Aspect-specific management approach - Website: Our sustainability strategy</i>		
G4-EC7	Development and impact of infrastructure investments and service supported	Our Progress: Environmental solutions (p.12), Better financial futures (p.14) The issues that matter: Positive societal impact (p.38), Value chain risk (p.48)
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Performance metrics: Sustainable lending and investment (p.74), Social and economic impact (p.84) 2016 Annual Review and Sustainability Report: CEO's Letter (p.12)
Procurement Practices		
<i>Aspect-specific management approach - Website: Sustainable supply chain management</i>		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Performance metrics: Suppliers - Total supply chain spend (p.83)
Environmental		
Supplier Environmental Assessment		
<i>Aspect-specific management approach - Website: Sustainable supply chain management</i>		
G4-EN32	Percentage of new suppliers that were screened using environmental data	Performance metrics: Suppliers (p.83). All new suppliers in the top 80 have been screened.
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Performance metrics: Suppliers (p.83). There were no significant changes to supplier locations or relationships with supply chain structure during 2016, with no terminations on ESG grounds. SSCM will be transitioning to a new framework and system in 2017 to enhance prioritisation of categories and suppliers, increase focus on material risks, and incorporate all Group geographies.
Social - Labour Practices And Decent Work		
Employment		
<i>Aspect-specific management approach - Website: Careers - Westpac difference, Website: Westpac New Zealand - careers</i>		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Performance metrics: Employees (p.67)
G4-LA2	Benefits provided to full-time employees only	Employee Benefits are available to all employees living in the country where the benefits are offered with the exception of temporary employees. Additional benefits are available to expatriate employees as part of a relocation package. The big issues: Workforce of the future: (p.32)
G4-LA3	Return to work retention rates after parental leave, by gender	Performance metrics: Employees (p.67). A review will be undertaken in 2017 to report retention beyond one year and by gender.

Material Aspects	Description	Location
Occupational Health and Safety		
<i>Aspect-specific management approach</i> - Website: Health and Safety Policy , Website: Wellbeing Policy		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Health and safety committees are not the primary method of workforce OHS representation at Westpac therefore we have not reported on the percentage of total workforce represented. We have a range of different mechanisms for communicating with our workforce on OHS, as appropriate for different parts of our business. For example, focus groups, employee surveys, communication with our champions network, and consultation with people leaders are undertaken in addition to committees. For further details of our approach see: Website: Operating principles and policies - Health and Safety Policy
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	There were no fatalities amongst permanent or maximum term employees. Absenteeism and Lost Time Injury Frequency Rates are reported as an indicator of injury rates and are reported in: Performance Metrics: Employees (p.67). A review will be undertaken in 2017 to report metrics by gender.
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Our employees are most at risk of incidences related to musculoskeletal and mental disorders that are identified in Safe Work Australia's eight 'disease' categories (Safe Work Australia: Key Work Health and Safety Statistics Booklet Australia). The performance of the group in both fields has been positive in reducing disability or reduced frequency associated to both classes.
G4-LA8	Health and safety topics covered in formal agreements with trade unions	The Westpac Group Enterprise Agreement 2015 (the enterprise agreement for the Westpac Group operating in Australia) contains provisions relating to Health, Safety and Wellbeing. Website: Westpac Enterprise Agreement
Training and Education		
<i>Aspect-specific management approach</i> - Website: Principles for doing business , Website: Career development , Website: Westpac New Zealand - Careers		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Performance metrics: Employees - Training and capability (p.69) A review will be undertaken to report training by gender and employee category in 2017.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	The issues that matter: Workforce of the future (p.32) Performance metrics: Employees - Training and capability (p.69) Website: Westpac difference - Benefits - Transition to retirement support The Westpac Group Enterprise Agreement 2016 provides outplacement support or reimbursement for vocational education or training for employees who are being retrenched
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	100% of permanent and maximum term employees have a formal performance review in the lead up to the remuneration review.
Diversity and Equal Opportunity		
<i>Aspect-specific management approach</i> - Website: Group Diversity Policy , Website: Accessibility Action Plan , Website: Reconciliation Action Plan		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category	Performance metrics: Employees (p.67)
Equal Remuneration for Women and Men		
<i>Aspect-specific management approach</i> - Website: Group Diversity Policy , Website: Inclusion and diversity		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Performance metrics: Employees - Percentage of basic salary - female to male (p.69)

Material Aspects	Description	Location
Supplier Assessment for Labour Practices		
<i>Aspect-specific management approach</i> - Website: Sustainable supply chain management		
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	Performance metrics: Suppliers (p.83). SSCM framework assesses labour practices criteria.
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Performance metrics: Suppliers (p.83). There were no significant changes to supplier locations or relationships with supply chain structure during 2016, with no terminations on ESG grounds. SSCM will be transitioning to a new framework and system in 2017 to enhance prioritisation of categories and suppliers, increase focus on material risks (including labour practices criteria), and incorporate all Group geographies.
Social – Human Rights		
Supplier Human Rights Assessment		
<i>Aspect-specific management approach</i> - Website: Sustainable supply chain management , Website: Human Rights Position Statement		
G4-HR10	Percentage of new suppliers that were screened using human rights practices criteria	Performance metrics: Suppliers (p.83). SSCM framework assesses human rights impacts.
G4-HR11	Significant actual and potential negative impacts on human rights in the supply chain and actions taken	Performance metrics: Suppliers (p.83). There were no significant changes to supplier locations or relationships with supply chain structure during 2016, with no terminations on ESG grounds. SSCM will be transitioning to a new framework and system in 2017 to enhance prioritisation of categories and suppliers, increase focus on material risks (including human rights impacts), and incorporate all Group geographies.
Social – Society		
Local Communities		
<i>Aspect-specific management approach</i> - Website: Our sustainability strategy , Website: Contributing to our communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	The issues that matter: Service leadership (p.22) The fundamentals (p.55) Our Impact Website: Social Impact Tool Website: Stakeholder Engagement Framework
G4-SO2	Operations with significant actual or potential negative impacts on local communities	Specific changes made during the year are discussed in Embracing societal change (p.10). In addition we recognise that we can have an indirect impact on communities through our lending, investment and supply chain (Value chain risk p.48).
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	Westpac provides a number of services to help those in low-populated or economically disadvantaged areas.
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	Our progress: Better financial futures (p.14) The big issues: Service leadership (p.22) Performance metrics: Customers (p.71), Social and economic impact (p.84)
Anti-corruption		
<i>Aspect-specific management approach</i> - Website: Principles for doing business , Website: Conflicts of interest		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	2016 Annual Report: Operational Risk and Compliance Risk (p.103), Note 22 Financial risk (p.170)
G4-SO4	Communication and training on anti-corruption policies and procedures	Performance metrics: Employees - Doing The Right Thing training (p.70)
G4-SO5	Actions taken against confirmed incidents of corruption	2016 Annual Report: Risk and Risk Management (p.94) Performance metrics: Employees - Whistle-blowing (p.70)

Material Aspects	Description	Location
Compliance (Society)		
<i>Aspect-specific management approach – 2016 Annual Report: Risk and Risk Management</i>		
G4-SO8	Monetary value of significant fines for non-compliance with laws and regulations	There were no significant fines, non-monetary sanctions reported nor any cases brought through dispute resolution mechanisms. However, Capital Finance Australia self-identified instances where a valid default notices were not issued prior to loans being enforced. This was self-detected and voluntarily reported to ASIC, with Westpac actively engaging with ASIC on our remediation steps. This resulted in 58 infringement notices, totalling \$493,000. The payment of an infringement notice is not an admission of a contravention of the Australian Securities and Investment Commission Act 2001 consumer protection provisions.
Supplier Assessment for Impacts on Society		
<i>Aspect-specific management approach – Website: Sustainable supply chain management</i>		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Performance metrics: Suppliers (p.83). SSCM framework assesses impacts on society.
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Performance metrics: Suppliers (p.83). There were no significant changes to supplier locations or relationships with supply chain structure during 2016, with no terminations on ESG grounds. SSCM will be transitioning to a new framework and system in 2017 to enhance prioritisation of categories and suppliers, increase focus on material risks (including impacts on society), and incorporate all Group geographies.
Social – Product Responsibility		
Product and Service Labelling		
<i>Aspect-specific management approach – Website: Principles for doing business</i>		
G4-PR3	Type of products and service information required for product and service information and labelling and percentage subject to information requirements	Product labelling requirements refer primarily to disclosures on effective use and the quality of financial advice provided. These are governed by the Code of Banking Practice . Website: Disclosure Documents
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling by types of outcomes	0
G4-PR5	Results of surveys measuring customer satisfaction	Performance metrics: Customers (p.71)
Marketing Communications		
<i>Aspect-specific management approach – 2016 Annual Report: Operational Risk and Compliance Risk, Website: Principles for doing business</i>		
G4-PR6	Sale of banned or disputed products	In 2016, no products were sold that were banned in other markets.
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications by types of outcomes	0
Customer Privacy		
<i>Aspect-specific management approach – Website: Committed to protecting your privacy</i>		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	There were no substantiated complaints from regulatory bodies regarding breaches of customer privacy recorded in 2016.

Material Aspects	Description	Location
Compliance (Product Responsibility)		
<i>Aspect-specific management approach - 2016 Annual Report: Risk and Risk Management</i>		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	There were no significant fines during the year. Refer: 2016 Annual Report: Note 15 Life insurance assets and life insurance liabilities (p.155)
Product Portfolio		
<i>Aspect-specific management approach - 2016 Annual Report, Website: Products and services with social or environmental outcomes</i>		
G4-FS6	Percentage of the portfolio for business lines by specific region, size	Performance metrics: Sustainable lending and investment - Group credit exposure profile (p.74) 2016 Annual Review and Sustainability Report: CEO's letter - Divisional contribution chart (p.18) Pillar 3 Report for 30 September 2016 - Summary credit risk disclosure
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line	Our Progress: Better financial futures (p.14) Performance metrics: Sustainable lending and investment (p.74) Positive Impact Finance definition (p.108)
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line	Performance metrics: Sustainable lending and investment (p.74)
Audit		
<i>Aspect-specific management approach - Website: Constitution and the Board, Website: Sustainable supply chain management, Website: Responsible Investment Transparency Report, Website: Equator Principles</i>		
Active Ownership		
<i>Aspect-specific management approach - Website: Responsible Investment Transparency Report</i>		
G4-FS10	Percentage and number of companies engaged on environmental or social issues	We monitor and track our engagements with companies in our asset portfolio as required. We disclose the outcomes of these engagements to clients and/or beneficiaries only. Our preference is undertaking non-public engagement with companies and will report on ESG activity relating to engagements of influence on an as needs basis.
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	Website: BTFG's PRI 2015 Responsible Investment Transparency Report



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Limited Assurance Conclusion

Based on the limited assurance procedures conducted, as described in this statement, nothing has come to our attention that causes us to believe that the Subject Matter, as presented in the 2016 Westpac Group Sustainability Performance Report, and the 2016 Westpac Group Annual Review and Sustainability Report is not presented fairly, in all material respects, in accordance with the Criteria.

Independent Limited Assurance Report in relation to the Westpac Group's 2016 Sustainability Reporting

We have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ('Subject Matter'), and as presented in the 2016 Westpac Group Sustainability Performance Report and the 2016 Westpac Group Annual Review and Sustainability Report ('the Reports'), has not been reported and presented fairly, in all material respects, in accordance with the criteria ('Criteria') below.

Subject Matter

The Subject Matter for our limited assurance engagement included:

- ▶ Disclosures associated with alignment to the AA1000 principles of Materiality, Inclusivity and Responsiveness
- ▶ Westpac reported alignment to the self-declared 'comprehensive' level of 'in accordance' requirements of the Global Reporting Initiative's ('GRI') G4 Guidelines
- ▶ Selected sustainability performance data ('Selected Performance Data') listed in Table 1 for the year ended 30 September 2016 (unless otherwise indicated by Westpac within the Report)
- ▶ Selected qualitative disclosures relating to Westpac Group's stated progress against the sustainability strategy and material matters as outlined within:
 - ▶ Embracing societal change
 - ▶ Environmental Solutions
 - ▶ Better Financial Futures
 - ▶ Conduct and trust
 - ▶ Service leadership
 - ▶ Digital innovation
 - ▶ Workforce of the future
 - ▶ Positive Societal Impact
 - ▶ Value Chain Risk

Performance data

Employees

- ▶ Women in Leadership (%)
- ▶ Percentage of basic salary – female to male
- ▶ Parental leave: Employees accessing parental leave (Australia and New Zealand)
- ▶ Indigenous Australia employment (%)
- ▶ Remuneration: Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (Australia and New Zealand)
- ▶ Doing the Right Thing training: Group compliance with training requirements (%)
- ▶ Whistle-blowing: Concerns reported on 'Concern Online'

Customers

- ▶ Customer complaints: Change in consumer complaints from prior year (%) (Australia and New Zealand)
- ▶ Customer complaints: Australian banking complaints types (%)
- ▶ Customer complaints: New Zealand complaint types (%)
- ▶ Customer complaints: BTFG complaint types (%)
- ▶ Digitally active customers (millions, %) – Group
- ▶ Net promoter score – consumer and business (Australia and New Zealand)

Sustainable lending and investment

- ▶ Cleantech and environmental services - Total attributable financing (\$m) (Australia and New Zealand)
- ▶ Cleantech and environmental services - Distribution by technology type (%) (Australia and New Zealand)
- ▶ Westpac electricity generation portfolio emissions intensity (tonnes of carbon dioxide equivalent [tCO₂-e] / megawatt hour [MWh])

Social and economic impact

- ▶ Community investment (\$) (Australia, New Zealand, International)
- ▶ Customers who sought assistance from Westpac Assist specialists to manage through financial hardship

The subject matter did not include:

- ▶ Data sets, statements, information, systems or approaches other than the Selected Performance Data and related disclosures
- ▶ Management's forward looking statements
- ▶ Any comparisons made against historical data

Criteria

The following criteria have been applied:

- ▶ Westpac's own reporting criteria as set out in its 2016 Westpac Group Sustainability Performance Report and 2016 Westpac Group Annual Review and Sustainability Report;
- ▶ The Global Reporting Initiative's ('GRI') G4 Guidelines, including the Principles for Defining Report Content;
- ▶ Westpac's relevant policies and procedures; and
- ▶ AA1000 Accountability Principles Standard (2008)

Management's Responsibility

The management of Westpac Group ('Westpac') is responsible for the preparation and fair presentation of the Subject Matter in accordance with the Criteria, and is also responsible for the selection of methods used in the Criteria. No conclusion is expressed as to whether the selected methods are appropriate for the purpose described above. Further, Westpac's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Table 1: Selected Performance Data



Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter, based on our assurance engagement, conducted in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and the terms of reference for this engagement as agreed with Westpac.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Summary of Procedures Undertaken

Our procedures included but were not limited to:

- ▶ Interviewing selected business unit personnel and group level management to understand the key sustainability issues related to the subject matter and processes for the collection and accurate reporting of performance information;
- ▶ Undertaking social media, mass media, and peer reporting analysis to consider and challenge relevant material aspects for inclusion in Westpac's reporting;
- ▶ Determining whether material topics and performance issues identified during our procedures had been adequately disclosed;

- ▶ Checking selected performance information on a materiality basis and selected management information and documentation supporting assertions made on the subject matter;
- ▶ Performing analytical tests and detailed testing to source information in relation to material qualitative and quantitative information, on a sample basis;
- ▶ Checking the accuracy of calculations performed;
- ▶ Obtaining and reviewing evidence to support key assumptions in calculations and other data or statements;
- ▶ Checking that data and statements had been appropriately transcribed from corporate systems and/or supporting evidence into the Report;
- ▶ Reviewing the presentation of claims, case studies and data against the relevant GRI principles contained in the criteria; and
- ▶ Assessing Westpac's disclosures associated with the alignment to the AA1000 Principles.

Use of our Limited Assurance Engagement Report

We disclaim any assumption of responsibility for any reliance on this assurance report, or on the Subject Matter to which it relates, to any persons other than management and the Directors of Westpac, or for any purpose other than that for which it was prepared.

Independence and Quality Control

In conducting our assurance engagement, we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants. We have the required competencies and experience to conduct this assurance engagement.

During the reporting period, EY's Climate Change and Sustainability Services team were engaged to provide assistance to Westpac in conducting its Climate Change Risk and Opportunity analysis. With the exception of this work, we have not provided any other services to Westpac in relation to their sustainability disclosures throughout 2016. The scope of this assurance did not include providing assurance over this analysis.

Observations on particular aspects of our engagement

Westpac has requested that we provide selected observations and areas for improvement, as identified throughout the assurance procedures. These observations have not impacted our ability to issue an unqualified assurance conclusion.

- ▶ In combination, we believe the 2016 Westpac Group Sustainability Performance Report and 2016 Westpac Group Annual Review and Sustainability Report provides a balanced account of Westpac's sustainability performance, particularly in relation to Westpac's response to significant emerging issues affecting the organisation
- ▶ Further, the introduction of the Stakeholder Advisory Council provides Westpac with a significant opportunity to engage with, and obtain insight from, key sustainability stakeholders. We believe this will strengthen Westpac's approach to reporting through external validation of material matters and in soliciting a range of perspectives on how to respond to emerging issues. We would encourage future disclosures on outcomes from these meetings
- ▶ There remains scope for Westpac to demonstrate how its sustainability strategy is realising value for the organisation. For example, Westpac could more specifically outline how sustainability activities are linked to core business objectives

Dr Matthew Bell
Partner
Brisbane, Australia
7 November 2016

Ernst & Young

Glossary and definitions

Indicator or term	Definition
Absenteeism	Measured as the number of actual absentee days lost as a percentage of total days scheduled to be worked by the workforce for the same period. Employees absent from work because of incapacity of any kind, not as the result of work-related injury, excluding permitted leave such as holidays, study, parental and compassionate leave. Includes permanent full time, part time and maximum term employees.
Advancing the nation through social change	Refers to the Group's overarching community investment goal to set the agenda for responsible banking and lead on meaningful social progress in Australia and beyond.
Age and gender profile (%)	Refers to the proportion of male and female employees within each defined age bracket as at September 30. The figure includes full time, part time permanent and maximum term employees for Australia, Westpac Pacific and New Zealand.
Age profile of workforce compared to National labour force (%)	Compares the age profile of permanent employees (permanent full time, permanent part time and maximum term employees) to that of the national workforce. Australian workforce data is as per ABS 6291.0.55.001. New Zealand workforce data is as per the Department of Labour Key Information Tool (KIT). New Zealand workforce data is as per the Department of Labour Key Information Tool (KIT).
ATMs	Refers to the total number of Westpac, St.George, BankSA and Bank of Melbourne branded automatic teller machines, including talking ATMs.
Average hours of training per year per employee	Total number of hours of training (both workshop and online) in the period as captured by Westpac Group learning management systems, divided by headcount as at 30 September. Excludes non-managed training and some training conducted at a business unit level. 'Australian employees' refers to geography of legal employer which includes UK and US based employees. All data sourced from Australian and New Zealand Learning Management Systems (eAcademy; Way Ahead NZ and Learning Bank).
Bank@Post	Bank@Post outlets available to Westpac Group customers to provide basic cash & servicing transaction capability.
Base building emissions	Emissions from shared building facilities or services which are attributable to Westpac but not under our direct operational control, including both direct and indirect emissions sources (electricity, natural gas, diesel, transmission and distribution losses).
Branch	Refers to locations where customers can undertake retail transactions face-to-face including in-stores and advisory centres.
Branches with 24/7 capability	Branches that allow customers to self-serve 24/7 via a range of devices that allow them to withdraw and deposit cash, coin exchange etc. (N.B. not all these services would be available at every 24/7 zone). Access determined by individual location (i.e. shopping centre opening hours may prevent 24/7 access).
BTFG Portfolio carbon intensity	<p>Measurement of the Scope 1 and Scope 2 carbon emission intensity for the investment portfolios based on their exposure to Australian and International equities at 30 June 2016. For each company, carbon intensity is measured as tonnes of carbon dioxide equivalents (tCO₂e) per million Australian dollars of revenue.</p> <p>Investment options covered by this process include:</p> <ul style="list-style-type: none"> • BT Super For Life (BTSFL) and Westpac Group Plan MySuper (WGP) option • All default investment options of market BTFG MySuper products, including Asgard Employee Super Account (AESAs), BT Lifetime Super - Employer Plan (LSEP) and BT Business Super (BTBS). The default investment options reported on will be the current MySuper Lifestage investment options (as well as the product default investment option in place prior to the Launch of MySuper in 2013) • BT Lifetime Personal Super (LSF) default • Additional investment options on the BTBS and LSEP investment menus managed by BTFG and BT Investment Management (BTIM) <p>Note that BTFG does not actively manage to a carbon benchmark; the analysis is used to understand where risks may lie within the portfolio, and provide customers with information on the investments they hold.</p>
Business Connect	Video conferencing capability installed into a St George, BankSA or Bank of Melbourne branch providing support to small to medium sized commercial customers.
Business travel - Air	Air travel undertaken by Westpac Group employees for business purposes and booked through Westpac's preferred travel management supplier. For Australia and the UK, emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA, excluding radiative forcing. For New Zealand, emission factors are sourced from the Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting, and are uplifted by 8% for greater circle distance as recommended by DEFRA.
Business travel - Hire vehicles and personal vehicles	Hire vehicle travel undertaken by Westpac Group employees for business purposes, including Preferred Supplier kilometres travelled and non-preferred spend. Data is supplied by the Preferred Supplier or extracted from Westpac's supplier database, and where required kilometres travelled are estimated based on average \$/km. For Australia and the UK, emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA. For New Zealand, emission factors are sourced from the Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting. Personal vehicle travel includes distance travelled by employees using their vehicles for business purposes and is reported for New Zealand only.

Indicator or term	Definition
Business travel - Hotels	Hotel stays include accommodation nights undertaken by Westpac New Zealand employees at domestic, Trans-Tasman (Australia) and international hotels booked through the Westpac New Zealand travel supplier agency. Excludes Australia, UK and Pacific.
Business travel - Taxis	Taxi travel undertaken by Westpac Group employees in Australia and New Zealand for business purposes. For Australia, spend data is sourced from the Westpac supplier database and total kilometres travelled estimated utilising State based flag fall and kilometre fees of major taxi providers. Emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA. For New Zealand, spend data is sourced from the supplier database and emission factors are sourced from the Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting.
Charitable gifts	Cash donations to charities, with no branding or strategic intent. Cash support for charitable purposes not directly linked to the company's community investment or commercial strategies. This donation type is typically made in response to an appeal or initiated by management or an employee, and tends to be one-off or at prompt from client.
CleanTech and environmental services lending and investment	Lending and investment to CleanTech and environmental services (CleanTech) is defined as the total direct and indirect financing of customers to the extent they are involved in CleanTech activities reported in total committed exposures (TCE) as at 30 September 2016. CleanTech activities are those which: a) Have been specifically identified as such; or b) Are over and above what is considered to be business as usual in the relevant industry, and which produce a material net benefit to the environment. To meet this, the activity must: <ul style="list-style-type: none"> involve process changes used to reduce environmental impacts or greenhouse gas emissions; and be over and above normal compliance obligations (e.g. legal, license or regulations) CleanTech activities specifically include, but are not limited to, any of the following: <ul style="list-style-type: none"> Energy Efficiency: Projects qualifying for government energy efficiency schemes Green Buildings: Buildings that are able to demonstrate environmental credentials over and above normal compliance standards for the industry. This includes buildings that are able to demonstrate a minimum 5 Star NABERS rating in Australia and a minimum 5 Star Green Star rating in New Zealand. Green Businesses: Businesses involved in providing green products or services including consulting Renewable Energy: Projects qualifying for government renewable energy schemes and hydro-electric generation Waste: Alternate waste treatment, resulting in displacement of carbon emissions resulting from landfill Water: Rehabilitation of waterways, water recycling & efficiency. Excludes desalination projects Carbon Farming Projects: Projects qualifying for inclusion in the Carbon Farming Initiative Forestry: Plantation forestry only Land Rehabilitation: Rehabilitation of contaminated land, returning developed land to natural habitat or otherwise reserving land for long term carbon sequestration Other: Case by case determination of additional activities that meet the criteria listed above Direct financing refers to structured exposures to specific assets or unstructured exposures to an organisation whose operations are focused on only one type of activity which meets the definition for CleanTech. Indirect financing refers to organisations where one or more of the following apply: <ul style="list-style-type: none"> Finance is provided centrally as unstructured lending and forms part of the general capital of the company at large; and/or The company has operations other than CleanTech; and/or The company operates multiple assets or facilities which are funded centrally The level of indirect financial exposure has been apportioned from total exposures reflecting the proportional value contribution of the CleanTech business or activity of each organisation and relative proportions within each organisation. Figures are for Australia and New Zealand only, and cover financing undertaken by Westpac Institutional Bank Australia and New Zealand, WNZL Business Banking (including corporate, mid-markets, agri and property finance), above a threshold of NZD1m TCE and Commercial and Business Bank above a threshold of AUD1m from 1 October 2013 TCE. For WNZL exposures below NZD1m and for all Commercial and Business Bank retail exposures (Aust and NZ), only new lending (after 30 September 2012) and facilitated investment associated with green products fitting the CleanTech activity definition are included.
CO₂-e/employee	This is a normalised figure describing the tonnes of Scope 1 and 2 greenhouse gas emissions per full time equivalent employee (FTE) during the reporting year. Note that FTE data is calculated on a 30 June year end, consistent with environmental data. Australian emissions data is prepared in alignment with NGER and New Zealand data is prepared in alignment with New Zealand Ministry for the Environment guidance for GHG reporting.
CO₂-e/m²	This is a normalised figure describing the tonnes of Scope 1 and 2 greenhouse gas emissions per weighted net lettable area (NLA) measured in square meters (m ²). Australian emissions data is prepared in alignment with NGER and New Zealand data is prepared in alignment with New Zealand Ministry for the Environment guidance for GHG reporting.

Indicator or term	Definition
CO₂-e	Carbon Dioxide equivalent (CO ₂ -e) is the universal unit of measurement for measuring carbon dioxide footprint. It is used to indicate the radiative forcing of the six greenhouse gases relative to carbon dioxide (CO ₂). CO ₂ -e is calculated using the Global Warming Potential of each gas.
Community investment as a % of operating profit before income tax (Cash Earnings basis)	Refers to the total Group Community Investment made during the reporting year as expressed as a proportion of operating profit before income tax (cash earnings basis) over the same period.
Community investment as a % pre-tax profits	Refers to the total Group Community Investment made during the reporting year as expressed as a proportion of pre-tax profit over the same period.
Community partnerships	Contributions which are typically: <ul style="list-style-type: none"> • Over a longer period, e.g. 1-5 years • Represent strategic investments in community partnerships • Address specific community issues chosen by the company to fulfil a business objective, such as a culture of engagement, and to support employee desires to make a contribution to the communities which in turn support our enterprise. <p>These contributions include partnerships with non-profits or community groups, which have been selected due to their programs' relevance to Westpac Banking Group's business objectives. They also include memberships and subscriptions to non-profit and community groups.</p>
Complaints resolved within 5 days	The percentage of customer complaints that are resolved within 5 business days from the date the complaint was lodged, including those complaints that are resolved at the first point of contact. Based on the total number of complaints tracked during the reporting period.
Complaints type	ASIC Definition Australian Standard ISO 10002–2006 Expression of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.
Completions of Indigenous Cultural Awareness training module by employees	Number of employees who have completed the eAcademy module: Indigenous Cultural Awareness online.
Connect Now	Video conferencing capability installed into a Westpac Branch (excluding in-stores) providing access to Small Business Lending, Home Lending, Financial Planning, Personal Lending and other specialist services (e.g. FFX) over Video conference where these services are not available in the branch face to face.
Customer numbers	All customers with an active relationship (excludes channel only and potential relationships). For Australian Banking an active relationship is where the customer has at least one open product; where a product has joint ownership, both owners are counted.
Customers brought into the banking system	Refers to the net number of people holding Choice Basic Accounts, a low-ID requirement account that was established to bring 'unbanked' people into the financial system. This number does not include any closed Choice Basic Accounts. The Choice Basic product was launched in late 2011.
Digitally active customers	Unique customers who have successfully authenticated (including Quick zone) into the digital banking platforms within 90 days.
Doing the Right Thing training	All Westpac employees must complete the "Doing the Right Thing" e-learning module. This module covers: acting with integrity; maintaining privacy; equal employment opportunity in action; AML and counter-terrorism; operational risk; our information security; giving advice; managing regulator relationships; managing records; information security; complaints management and resolutions; sanctions. This training must be completed by all new recruits and existing employees every 2 years.
Domestic air travel	For Australia this includes passenger kilometres travelled for all domestic flights as provided by air travel supplier. Emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA. For New Zealand this includes passenger kilometres travelled for domestic flights as provided by travel suppliers, assumed to be an accurate reflection of the direct distance between flight points. The emission factors used are sourced from the New Zealand Ministry for the Environment, Guidance for Voluntary, Corporate Greenhouse Gas Reporting. An aviation multiplier of 1.08 is applied to reflect non-direct flights. UK data is based on the total number of flights within Europe multiplied by the average distance. Emissions are calculated using the Greenhouse Gas Protocol emissions factor for economy class short haul flights.
Electricity efficiency (kWh/m²)	Electricity consumption measured in kilowatt hours (kWh) over weighted net lettable area (NLA) measured in square meters (m ²) for Australian and New Zealand commercial and retail properties and subsidiaries. This includes commercial offices, contact centres, disaster recovery sites, branches, business banking and subsidiaries and excludes stand-alone ATMs, stand-alone data centres, sites which the Westpac Group does not have operational control over, and all facilities in the Pacific, UK, USA and Asia.

Indicator or term	Definition
Electricity generation - Australia and New Zealand	<p>This includes both direct and indirect financing to energy generation assets in the Australian and New Zealand electricity markets, reported in total committed exposures (TCE) as at 30 September 2016.</p> <p>Direct financing refers to structured exposures to specific energy generation assets or unstructured exposures to an organisation whose operations are focused on only one type of energy generation asset that is registered for operation in Australian or the New Zealand electricity markets.</p> <p>Indirect financing organisations are where one or more of the following apply:</p> <ul style="list-style-type: none"> • Finance is provided centrally as unstructured lending and forms part of the general capital of the company at large; and/or • The company has operations other than electricity generation; and/or • The company operates multiple generation assets or facilities which are funded centrally. <p>Where a company has operations other than electricity generation and/or operates multiple generation assets or facilities, TCE is apportioned based on the proportional value contribution of the energy generation business of each organisation and the relative proportions of the different types of energy generation within each organisation.</p> <p>Figures do not include generator financing outside of Australia and New Zealand and refer only to financing undertaken by Westpac Institutional Bank (Infrastructure and Utilities) and Westpac NZ.</p>
Electricity generation portfolio emissions intensity - Australia	<p>Data is based on the reported exposures to Energy Generation (AUD lending only).</p> <p>The average financed emissions intensity is calculated by weighting each loan (total committed exposures) by the emissions intensity of each company.</p> <p>The emissions intensity of a company is calculated as the average carbon intensity of their generation fleet, weighted by the most recently available generation data.</p> <p>Where carbon emissions intensity for a facility is not available from data provided under the National Greenhouse and Energy Reporting Act (2007), an average carbon emissions intensity of similar facilities is used.</p> <p>Where a facility is controlled by one company, but owned and financed by a special purpose vehicle, the facility is attributed to the special purpose vehicle and excluded from the controlling company.</p> <p>Where energy generation forms a small part of a customer's business and Westpac's lending is provided as general corporate debt, the customer has been excluded from the portfolio emissions calculations.</p> <p>Where accurate carbon emissions intensity data is not available for a facility, the facility has been excluded from the portfolio emissions calculations.</p> <p>For 2013, 75% of the AUD I&U loan book was able to be covered by this methodology.</p> <p>For 2014, 89% of the AUD I&U loan book was able to be covered by this methodology.</p>
Employee Assistance Program utilisation (%)	<p>The Employee Assistance Program (EAP) is an independent, professional, and confidential counselling and coaching service available to all employees and their immediate families for both personal and work related issues. The EAP utilisation represents the proportion of employees who have accessed the EAP for support throughout the defined reporting period. Utilisation is reported as a % of the headcount of permanent employees in Australia and the Pacific. Higher engagement in EAP utilisation demonstrates positive help seeking behaviours, meaning our people are receiving support when they need it.</p>
Employee engagement	<p>Employee Engagement Index shows the percentage of Westpac Group employees who answered favourably to four engagement survey questions on pride, satisfaction, advocacy and retention on a scale of 1 to 5 where 1 is Strongly Disagree and 5 is Strongly Agree.</p>
Employee numbers	<p>The number of the headcount (total number of full time, part time and temporary) as at 30 September 2016.</p>
Employee voluntary attrition (%)	<p>Refers to the total number of permanent (full time and part time) and maximum term employees (those leaving before their contract has expired) that voluntarily separated from the Westpac Group during the 12 month period, over the average total headcount for the 12 month period (also full time, part time and maximum term employees). Westpac Pacific figures included since FY15.</p>
Employee voluntary attrition (number)	<p>Refers to the total number of permanent (full time and part time) and maximum term employees (those leaving before their contract has expired) that voluntarily separated from the Westpac Group during the 12 month period. Westpac Pacific figures included since FY15.</p>
Employees accessing parental leave	<p>The total number of employees, including permanent full time, part time and maximum term employees accessing parental leave during the reporting period.</p>
Employees by division	<p>Total number of FTE employed by each division as at 30 September. Broken down into Westpac Retail & Business Banking (including RAMS), St. George (including BankSA), BT Financial Group, Westpac Institutional Bank, New Zealand Banking, Westpac Pacific and Head Office Functions and Other.</p>

Indicator or term	Definition
Enabling more inclusive banking and building financial capability	Refers to Group activities that support people facing financial hardship and lift inclusion through access to fair and appropriate financial services, awareness and education.
Energy consumption - Electricity (GJ)	Total consumption of electricity purchased from the grid for the year ending 30 June, as per supplier invoices for all facilities under the operational control of Westpac, normalised to gigajoules.
Energy consumption - Fuels (GJ)	Total consumption of liquid and gaseous fuels (natural gas, diesel, gasoline and LPG) used for stationary and transport purposes, as per supplier invoices or provider reports for all facilities under the operational control of the Westpac Group, normalised to gigajoules.
Equator Principles	The Equator Principles are a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing. Westpac applies the Principles against all project finance activities regardless of size. The full list of Principles can be found at www.equator-principles.com . Project finance is a form of debt financing that relies on repayment from the underlying project cash flows, with no recourse to other assets or support from the parent company. Loan exposures include both direct and contingent lending, and are represented by sector, geography and Equator Principle categories.
ESG integration	ESG integration is an approach to investing that takes a range of non-financial performance indicators into account, including environmental, social and corporate governance (ESG). Our approach to ESG integration does not apply a specific screening process. ESG factors may be considered at a company, stock or sector level; may impact a country specifically; or be part of a global trend. When considering ESG factors in the investment process, BTFG is not seeking to take a moral or ethical stance on ESG issues. Instead, our approach is motivated by financial goals, aiming to create value and/or manage risk over varying time-frames.
E-Waste	Electronic waste recycled, repurposed or re-used in Australia by Westpac Group's preferred provider. From 2015, this includes IT hardware and peripherals. Excludes New Zealand, Pacific and UK.
Family of giving	Refers collectively to Westpac Group's five foundations (Westpac Foundation, Westpac Bicentennial Foundation, St. George Foundation, Bank of Melbourne Neighbourhood Fund and BankSA Foundation).
Female / Male salary ratios	Refers to the average full time equivalent (FTE) base salary (excluding variable reward, leave loading, superannuation and any other allowances) for males and females across the Westpac Group broken down by the classification levels consistent with our reporting to the Board to satisfy ASX listing requirements. The report includes permanent employees (full time, part time and flexi part time), employees on a fixed term arrangement (full time maximum term, part time maximum term and flexi part time maximum term), and expatriate employees.
Financial education (hours)	Refers to the number of hours of financial education, offered by the Westpac Group, undertaken by employees, customers and the general public (including via online channels). In Australia financial education covers personal, business and social sector content inclusive of modules on financial basics, owning your home, building wealth, retirement planning, starting and growing a business and financials for non-profit organisations. New Zealand and Pacific businesses deliver locally tailored programs.
Financial education (participants)	Refers to the total number of employees, customers and general public attending financial education courses offered by the Westpac Group during the year (including online webinars). In Australia financial education covers personal, business and social sector content inclusive of modules on financial basics, owning your home, building wealth, retirement planning, starting and growing a business and financials for non-profit organisations. New Zealand and Pacific businesses deliver locally tailored programs.
Financial Wellbeing of 40+ women	Financial Wellbeing is defined and measured by the BT Australian Financial Health Index ("BT AFHI"), a statistical index built on a national research initiative involving 4,966 Australians and validated across an independent sample of 8,486 employees. The BT AFHI provides an assessment of Australian's relative position in terms of their overall Financial Wellbeing, personal financial management, preparation for life after work, investments and risk appetite, and insurance coverage. Predictive questions are aggregated to estimate a person's position on the BT AFHI, and the resulting metric is a standardised score between 1 and 11 that is comparable to benchmarks obtained from the nationally representative research. The differential to the total population is assessed for statistical significance by Ernst & Young.
Fleet - Emissions per vehicle	Refers to the total Scope 1 emissions from fuel consumption used by Australian and New Zealand based fleet vehicles under Westpac Group operational control during the year divided by the average number of vehicles in the fleet during the reporting year.
Fleet - Fuel consumption per vehicle	Refers to the total kilolitres of fuel used by Australian and New Zealand based fleet vehicles under Westpac Group operational control during the year divided by the average number of vehicles in the fleet during the reporting year.
Foregone fee revenue	Where the financial institution has made an effective donation by not charging fees to charitable organisations or low income earners. The estimated value of the effective donation is calculated as the difference between what was charged (if anything), and what would have been charged on equivalent standard accounts.
Forest Stewardship Council (FSC) accredited paper purchased	The percentage of paper purchased during the reporting period that has some content that is accredited by the Forest Stewardship Council (FSC) and/or Programme for the Endorsement of Forest Certification (PEFC) as indicated by the supplier. FSC has been recognised as an international organisation that provides a system for different stakeholders interested in forest issues to work towards responsible forest management. In providing this system, FSC promotes environmentally appropriate, socially beneficial, and economically viable management of the world's forests.
Full time equivalent (FTE)	One full-time equivalent (FTE) is 76 hours paid work per fortnight.

Indicator or term	Definition
General recycling (tonnes)	Total waste recycled or reused (or otherwise diverted from landfill) for commercial and retail facilities under Westpac Group's operational control, for the year end 30 June. Includes commingle, organics, cardboard, glass, printer cartridges/toners and e-waste, where data is available. Excludes stand-alone ATMs and fleet. For Australia, commercial sites and data centres are based on recycling provider invoices where available or estimated based on averages from properties within the same portfolio for which actual data is available. For retail sites, based on representative waste audits and extrapolated across the retail network. For New Zealand, based on supplier records.
Global Warming Potential (GWP)	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO ₂ .
Greenhouse Gases (GHG)	Greenhouse gases include the six gases listed in the Kyoto Protocol (CO ₂ , CH ₄ , N ₂ O, SF ₆ , hydrofluorocarbons and perfluorocarbons) as well as the Montreal Protocol gases, where activity data is available and meets materiality requirements. For Australia, GHG's are calculated in accordance with the National Greenhouse and Energy Reporting Act 2007 (NGER Act) and the National Carbon Offset Standard. For New Zealand, GHG's are calculated in accordance with the Ministry for the Environment, Guidance for GHG Reporting. For UK and Pacific, GHG's are calculated in accordance with the GHG Protocol.
Group community investment (\$AUD)	Total amount in AUD provided in support of community based activities during the reporting year, including monetary contributions, time contributions, management costs and in-kind contributions comprising of gifts and foregone fee revenue. Reported amounts have been compiled with reference to the Global Reporting Initiative's G4 Sustainability Reporting Guidelines under EC1 and the Financial Services Sector Disclosures. Refer to separate definitions for each of these items for more detail of inclusions.
Group lending profile	Represents total exposure in lending products broken down as a percentage by: geography (based on country of registration of direct customer); and by sector (based on Australian New Zealand Standard Industrial Classification (ANZSIC) codes produced by the Australian Bureau of Statistics and the New Zealand Department of Statistics) and assigned by Westpac based on companies, primary sources of revenue. All data is in exposure at default.
Helping out in times of need	Refers to Group activities that provide emergency relief to communities during disasters, and help people recover faster and better from financial crisis.
High performer retention	Voluntary high performer retention over the 12 month rolling high performer headcount for the period (includes permanent full time, part time permanent and maximum term employees). A high performer is defined as a staff member who receives one of the top two performance ratings. Westpac Pacific figures included since FY15.
Indigenous financial education training	Davidson Institute financial education program focused on financial governance for Indigenous organisations.
In-kind contributions	In-kind contributions comprise of foregone fee revenue, in-kind gifts or donations.
In-kind gifts or donations	Includes goods or donation of old equipment. Also includes use of company owned assets – e.g. occupancy of company premises, donation of resources for charitable works such as computers, office equipment and in-kind marketing to community organisations.
In-store	In-store is a value added service to the EFTPOS platform. In-store is designed to bring specific banking facilities to communities through local businesses (merchants) and is designed to be used not only in urban areas but extends to rural and remote areas that have had no banking presence before. Through an in-store, Westpac customers have the opportunity to do the following basic banking services all through a standard EFTPOS terminal: Withdrawal, Deposit, Pay others, Transfer, Bill Pay, Mini Statement and Balance Enquiry.
International air travel	For Australia this includes passenger kilometres travelled for all international and Trans-Tasman flights as provided by air travel supplier. Emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA, based on flight distances and air travel class. For New Zealand this includes passenger kilometres travelled for international and trans-Tasman flights as provided by travel suppliers, assumed to be an accurate reflection of the direct distance between flight points. The emission factors used are sourced from the New Zealand Ministry for the Environment, Guidance for Voluntary, Corporate Greenhouse Gas Reporting, based on flight distances. An aviation multiplier of 1.08 is applied to reflect non-direct flights. UK data is based on total number of flights outside Europe multiplied by the average distance. Emissions are calculated using the Greenhouse Gas Protocol emissions factor for economy class short haul flights.
Investing in economic wellbeing and greater prosperity	Refers to Group activities that identify, pilot and finance innovative ideas and partnerships to create opportunities for economic participation and increase financial wellbeing and prosperity.
IT and telecommunications	Includes professional IT services, business process outsourcing, application services and infrastructure.
Lost Time Injury Frequency Rate (LTIFR)	Lost Time Injury Frequency Rate (LTIFR) measures the number of Lost Time Injuries (LTIs), defined as injuries or illnesses (based on workers compensation claims accepted) resulting in an employee being unable to work for a full scheduled day (or shift) other than the day (or shift) on which the injury occurred where work was a significant contributing factor, per one million hours worked in the rolling 12 months reported. Westpac Pacific figures included since FY15.
Management costs	Management costs comprise of costs associated with facilitating donations and volunteering by employees, managing the community investment program and non-wage administration costs e.g. research or evaluation and communications.

Indicator or term	Definition
Matched giving	Where employees raise or donate money and the financial institution matches with its own contribution. Only the money the financial institution itself donates is counted, not that contributed by employees.
Mean employee retirement age	Mean retirement age is defined as the sum of retirement age over the retirement headcount for the 12 month period (includes permanent full time, part time and maximum term employees). Westpac Pacific figures included since FY15.
Mining – Australia and New Zealand	<p>Total exposure to natural resources is reported in Total Committed Exposure (TCE) as at 31 August.</p> <p>This includes any company (at the subsidiary level) that is incorporated in Australia or New Zealand where greater than 50% of its earnings (EBITDA), or revenue where EBITDA is not available, is generated from upstream production activities (including mining and oil and gas extraction) and related services. Where companies have more than mining activity, TCE is apportioned based on the % of the total company revenue or earnings (as appropriate) earned from each activity.</p> <p>In 2015 Westpac decided to report overall mining exposures at a group level; however, to maintain clarity and transparency we will continue to report our exposure to Coal Mining and Oil and Gas extraction for Australia and New Zealand, in line with our 2014 report.</p> <p>These are reported as a percentage of our total exposure to natural resources metric. The remaining portion of this exposure includes metal ore mining, mining services and other lending related to the resources and mining sector, not attributable to a particular company or resource. We note that Westpac does not lend to pure exploration companies.</p>
Mining – Group	<p>Data is reported in Total Committed Exposure (TCE) as at 30 September.</p> <p>Data represents group wide exposures (TCE) to all customers where mining forms the primary basis of their business. Where companies operate in multiple industries they are classified according to their primary industry exposures into six commodity categories (coal mining, oil and gas extraction, iron ore mining, other metal ore mining, mining services and other) and are reported as a percentage of the metric Mining – Group. Where companies have more than one mining activity TCE is apportioned based on the majority activity of the company. Where the major activity does not meet any of the categories presented above, the exposure has been categorised as other.</p>
Mobile active customers	Unique customers who have successfully authenticated (including Quick zone) into the digital banking platforms via a mobile device within 90 days.
Mobile banking activation	Refers to customers registered to use Westpac Pacific's mobile phone service.
Monetary contributions	Monetary contributions are comprised of charitable gifts of money or other cash donations, matched giving and community partnerships.
NEM	National Electricity Market. The average emissions intensity of generation for the NEM is determined as the sum of emissions arising from electricity generation on the NEM, divided by the sum of generation from those same generating units.
Net Lettable Area (NLA)	Net lettable area (NLA) is measured in square meters (m ²) as recorded on lease agreements during the reporting year. Weighted NLA is calculated as net lettable area (m ²) x days in operational control / days in the period.
Net Promoter Score (NPS)	Net Promoter Score measures the net likelihood of recommendation to others of the customer's main financial institution for retail or business banking. Net Promoter Score SM is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld. For retail banking, using a scale of 1 to 10 (1 means 'very unlikely' and 10 means 'very likely'), the 1-6 raters (detractors) are deducted from the 9-10 raters (promoters). For business banking, using a scale of 0 to 10 (0 means 'extremely unlikely' and 10 means 'extremely likely'), the 0-6 raters (detractors) are deducted from the 9-10 raters (promoters).
Net Promoter Score (NPS) – business	Source: DBM Consultants Business Financial Services Monitor, September 2011 – 2016, 6MMA. Westpac Group, MFI customers, all businesses.
Net Promoter Score (NPS) – consumer	Australia Source: Roy Morgan Research, September 2011 – 2016, 6MMA. Westpac Group, Main Financial Institution (as defined by the customer). Consumers aged 14 or over. New Zealand Source: Camorra Research, NZ Retail Market Monitor 2012 - 2016, 3 month rolling data to year end September.
New starters (number)	Total number of new starters over the last 12 months (includes permanent full time and part time employees). Westpac Pacific figures included since FY15.
New starters (%)	Voluntary new starters over the 12 month average headcount for period (includes permanent full time and part time employees). Westpac Pacific figures included since FY15.
New starters by gender and age	The total number of employees (permanent full time and part time) who started in FY15, FY14 and FY13 respectively split by age and gender. Number and percentage of the total. Westpac Pacific figures included since FY15.
New starter retention	Voluntary new starter retention over the new starter headcount for the 12 month period (permanent full time and part time employees). Westpac Pacific figures included since FY15.
Occupational health and safety training	Our global program of OH&S training is made up of 5 e-learning modules: Doing the Right Thing, Your Health and Safety, Building Emergence Procedures, Health & Safety for People Leaders, Hazard Management for People Leaders, and a face to face training H&S Leadership program (HSL). The full program is available in Australia and New Zealand and the 5 e-learning modules available globally. Prior to 2015, NZ employees undertook 'Doing the Right Thing' training (one module of the full global program). Data prior to 2015 excludes Asia and the Pacific. All permanent employees and temporary employees of more than 30 days are required to complete this training.

Indicator or term	Definition
Office paper (tonnes)	Total office copy paper purchased by the Westpac Group in Australia and New Zealand as reported by suppliers (in tonnes).
Office paper (tonnes) / employees (FTE)	Normalised figures of total office copy paper purchased by the Westpac Group in Australia and New Zealand as reported by suppliers (in tonnes) per Full Time Equivalent employee (FTE) during the reporting year. Note that FTE data is calculated on a 30 June year end, consistent with environmental data.
Paper consumption (tonnes)	Total office paper and paper products purchased (in tonnes) by the Westpac Group as reported by suppliers. Includes office copy paper, paper products and printed materials, including direct mail and marketing documents (e.g. office stationary, marketing brochures, customer statements). Emission factors are calculated utilising the Victoria Government GHG emission factors for office copy paper.
Paper recycling (tonnes)	Total paper recycled via secure document recycling (in tonnes) including archived documents that have exceeded their expiry date, for commercial and retail facilities under Westpac Group's operational control, as reported by recycling provider. Includes commercial offices, retail and business banking centres and data centres. Excludes stand-alone ATMs.
Participation of mature age workers	Refers to the average mature age workforce aged 50 and above over the average total permanent headcount for the 12 month period (includes permanent full time, part time and maximum term employees). Westpac Pacific figures included since FY15.
Positive impact finance	Positive impact finance is that which verifiably produces a positive impact on the economy, society or the environment once any potential negative impacts have been duly identified and mitigated. Positive Impact Finance includes: <ul style="list-style-type: none"> • lending which directly addresses a widely recognised societal issue, or to sectors or markets which operate with an explicit societal goal; and • deposits or products and services provided (other than lending) to customers or markets which would otherwise meet our definition of positive impact. This does not include lending to any individual customer where we have made a specific sustainability requirement as part of our lending or encouraged sustainable practices as part of our customer engagement.
Power usage effectiveness (PUE)	Power Usage Effectives (PUE) is an industry accepted ratio for the measurement of the effective usage of electrical power in a standalone Data Centre Facility and is represented by the quotient Total Facility Power Load divided by IT Equipment Power Load. PUE is calculated for Australian Data Centres only.
Products, Marketing & Digitisation	Includes customer loyalty, schemes and cards, event management, marketing services, media, market research, mail and sponsorship.
Programme for the Endorsement of Forest Certification (PEFC)	The Programme for the Endorsement of Forest Certification (PEFC) is an international non-profit, non-governmental organization dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification. PEFC works throughout the entire forest supply chain to promote good practice in the forest and to ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards. Thanks to its eco-label, customers and consumers are able to identify products from sustainably managed forests.
Operations and Property	Includes security, facilities maintenance, catering, utilities, valuations, settlements, freight, travel, entertainment, conferences, information services and office suppliers.
RAP Employee Perception Barometer	Survey conducted by Reconciliation Australia in organisations which have implemented RAPs to demonstrate the effects RAP's are having on perceptions and attitudes within Australian organisations.
Rate of return from parental leave	The total number of employees, including permanent full time, part time and maximum term employees returning from parental leave during the reporting period. Excludes Westpac Pacific.
Recycled content paper purchased	The percentage of paper purchased during the reporting period that has some content that is from recycled sources as indicated by the supplier.
Recycling rates for Sydney Head Office locations (%)	Recycling rate for six Westpac Group Sydney commercial offices (Westpac Place, 182 George St Sydney, 33-35 Pitt St Sydney, 316 George St Sydney, 4-16 Montgomery St Kogarah, 200 Barangaroo Avenue) calculated as the percentage of waste recycled (in tonnes) compared to the total waste generated (in tonnes, including waste recycled and waste sent to landfill). Excludes all other commercial offices, storage units, retail sites (branches & business banking centres), stand-alone ATMs, stand-alone data centres, fleet and sites over which the Westpac Group does not have operational control.
Responsible Investment (\$m)	BTFG funds applying an environmental, social and governance (ESG integration) approach. Data prior to 2015 not available due to change in reporting methodology.
Scope 1 & 2 GHG emissions in commercial and retail sites (tonnes CO₂-e)	Scope 1 and 2 emissions from Australian and New Zealand commercial and retail properties and subsidiaries. This includes commercial offices, contact centres, disaster recovery sites, branches, business banking and subsidiaries. Excludes stand-alone ATMs, stand-alone data centres, Westpac Group fleet, sites over which the Westpac Group does not have operational control, and all facilities in the Pacific, UK, USA and Asia.
Self-assessment	We ask our suppliers and others seeking to do business with us to comply with Westpac's SSCM Code of Conduct. Compliance typically involves a self-assessment against the SSCM Code of Conduct. Relates to self-assessment undertaken during the reporting period.

Indicator or term	Definition
Skilled volunteering	Skilled volunteering utilises employee skills including unique life and/or professional skills and advice to help not-for-profits or community organisations realise and achieve their potential and aspirations.
Smart ATMs	Automatic teller machines with deposit taking functionality. Numbers exclude old style envelope deposit machines.
Social and Affordable housing lending and services	Refers to the Total Approved Exposure across WIB, WNZL and AFS committed to customers in the Social and Affordable Housing sector. Social Housing is low cost housing provided to tenants who are typically reliant on benefits as a significant source of income. Tenants cannot pay more than 35% of their income on rent. Affordable Housing is provided to employed tenants who have low or moderate incomes and priced to ensure households are able to meet other essential basic living costs. Rent must be less than 80% of the market rent. These customers include Community Housing Providers, Property Investors with National Rental Affordability Scheme (NRAS) Entitlements, Not for Profits that provide low cost or free accommodation and Public Private Partnerships in social and affordable housing. This excludes Borrowers who have a total aggregate exposure of less than \$1.0m, individual AFS retail customers who have sought financing of NRAS affordable housing and listed and unlisted property developers who participate in the development of affordable housing through the utilisation of NRAS entitlements.
Social impact framework	Community investment decision making framework for the Group, which identifies the community focus areas where the organisation can deliver the greatest positive social impact. The framework also articulates the social impact outcomes and performance measures against these outcomes.
Spend with indigenous suppliers	Annual spend with businesses that are 51% or more owned and operated by an Aboriginal or Torres Strait Islander person and certified with a relevant member organisation. Indigenous owned businesses are defined at: Website: Supplier inclusion and diversity – Supplier Inclusion and Diversity Policy
Sustainable Supply Chain Management (SSCM) Code of Conduct	We ask our suppliers and others seeking to do business with us to comply with Westpac's SSCM Code of Conduct. The Code is in the process of being updated. It sets out Westpac's standards of ethical, social and environmental business practices required for suppliers. The SSCM Code of Conduct is available at: Website: Sustainable Supply Chain Management
SRI (Screened)	Total funds under management in BTFG's Socially Responsible Investment (SRI) funds. This includes the Ethical and Sustainable funds portfolios that positively or negatively screen or tilt to a particular ethical or sustainable thematic.
Tenure & gender profile (%)	Tenure and gender profile refers to the proportion of male and female employees (permanent full time, part time and maximum term) within each defined bracket of years of employment at the end of the reporting period. Westpac Pacific figures included since FY15.
Top suppliers	Top 80 suppliers to Westpac Australia by spend.
Total committed exposure (TCE)	The maximum amount of credit exposure Westpac has approved to incur for a particular customer or project. This is the total value of any outstanding credit facilities plus unutilised limits of facilities.
Total employees by employment type and region (headcount)	Refers to the total number of employees by headcount including full time, part time permanent employees, maximum term employees and contractors broken down by region as at 30 September.
Total Reportable Injury Frequency Rate (TRIFR)	Total Reportable Injury Frequency Rate (TRIFR) measures the number of Recorded Injuries (Lost Time Injuries, Restricted Work Injuries and other Injuries requiring Medical Treatment), where work was a significant contributing factor, per one million hours worked in the rolling 12 months reported.
Total Scope 1 and 2 emissions (tCO₂-e)	Total Scope 1 and Scope 2 emissions as a result of Westpac Group's operations across Australia, New Zealand, UK and Pacific.
Total Scope 1 greenhouse gas emissions (tonnes CO₂-e)	Scope 1 emissions are the release of greenhouse gases into the atmosphere as a result of Westpac Group's direct operations for the period 1 July – 30 June. Australian data is prepared in accordance with the National Greenhouse and Energy Reporting Act. New Zealand data is prepared in accordance with the New Zealand Ministry for the Environment's Guidance for GHG reporting.
Total Scope 2 greenhouse gas emissions (tonnes CO₂-e)	Scope 2 emissions are indirect greenhouse gas emissions from the consumption of purchased electricity by Westpac Group for the period 1 July – 30 June. Australian data is prepared in accordance with the National Greenhouse and Energy Reporting Act. New Zealand data is prepared in accordance the New Zealand Ministry for the Environment's Guidance for GHG reporting, using emission factors from the Ministry for Business, Employment and Innovation.

Indicator or term	Definition
Total Scope 3 greenhouse gas emissions (tonnes CO₂-e)	Scope 3 emissions are indirect greenhouse gases emitted as a consequence of Westpac Group operations but occur at sources owned or controlled by another organisation. Australian data is prepared in accordance with the National Carbon Offset Standard. New Zealand data is prepared in accordance the New Zealand Ministry for the Environment's Guidance for GHG reporting.
Total supply chain spend	Total dollars spent captured through Group reporting systems in AUD with external suppliers who provide products or services to the organisation during the reporting period.
Transmission & distribution losses	Emissions from energy losses which are attributable to the transmission and/or distribution of energy to the end user. For Australia this includes electricity and natural gas. For New Zealand this includes electricity only.
Transport – Fleet vehicles	Includes consumption of liquid fuels for transport purposes (diesel, gasoline) by vehicles under Westpac Group operational control, regardless of whether these vehicles are owned or leased. Excludes Novated Lease, salary sacrifice purchased vehicles, transport services provided by a third party supplier or vehicles sponsored by the Westpac Group. For Australia this includes emissions from direct Scope 1 (fuel consumption) and indirect Scope 3 (upstream extraction and distribution) prepared in accordance with NGER and the NGA Factors. For New Zealand this includes direct Scope 1 emissions only prepared in accordance with the Ministry for the Environment, Guidance for Voluntary, Corporate GHG Reporting.
Volunteer time	Staff participation in authorised volunteering activities carried out in paid company time, not staff time. Employee participation in volunteering activities including skilled volunteering community secondments. Comprises of community leave tracked through the HR system and community secondment program data which is then assessed against assumptions and calculated using average salaries for job bands.
Waste to landfill (tonnes)	Total waste sent to landfill across commercial and retail facilities under Westpac Group's operational control for the year ending 30 June. Excludes stand-alone ATMs and fleet. For Australia, commercial facilities and data centres are based on provider invoices where available and estimated based on averages from properties within the same portfolio for which actual data is available. Retail sites are based on representative waste audits and extrapolated across the retail network. Emission factors are sourced from the National Greenhouse Accounts Factors for commercial and industrial waste. For New Zealand, these are based on provider records and calculated in accordance with the Ministry for the Environment Guidance for GHG Reporting.
Water consumption (kL)	Water consumption is the total potable water consumed at Australian commercial and retail facilities under Westpac Group operational control. Water consumption is based on supplier reports where available, or estimated based on the net lettable area and average consumption of similar properties for which actual data is available. Excludes recycled and reclaimed water consumption, and all water consumption across New Zealand, UK and Pacific.
Water consumption in Sydney head offices (KL)	Water consumption for six Westpac Group Sydney commercial offices (Westpac Place, 182 George St Sydney, 33-35 Pitt St Sydney, 316 George St Sydney, 4-16 Montgomery St, Kogarah, 200 Barangaroo Avenue) based on supplier reports. Excludes recycled and reclaimed water consumption and all other commercial offices, storage units, retail sites (branches & business banking centres), stand-alone ATMs, stand-alone data centres, fleet and sites over which the Westpac Group does not have operational control.
Wellbeing WorkAbility index	The WorkAbility Index is a predictive measure of peoples' ability to continue to work at their current productivity. Wellbeing at Westpac is defined and measured using an index grounded in over 30 years of longitudinal European research with a further 10 years of recent research in Australia. The WorkAbility Index includes 8 predictive questions that are aggregated and weighted to determine a wellbeing score between 7 and 49. The resulting Wellbeing score has been academically proven to be predictive of workplace productivity and participation, future sick leave, health, quality of life, mental illness, and risk of death and/or disability in several studies. The Westpac Group score is the weighted average Wellbeing score across a representative sample of Westpac Group employees.
Westpac Group customers with Westpac Group super (%)	Data based on Roy Morgan Research, Respondents aged 14+. Super penetration is defined as the number of Australians who have Superannuation with the Westpac Group and who also have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with the Westpac Group as a proportion of the total number of Australians who have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with the Westpac Group. 12 month moving average to Sep 2013. Westpac Group includes Bank of Melbourne, BT, Challenge Bank, RAMS, Rothschild, Westpac, Advance Bank, Asgard, BankSA, Dragondirect, Sealcorp and St. George.
Whistleblower reporting	Number of concerns reported and confirmed via the Bank's Concern Online system, broken down into the categories reported.
Women in leadership – Board (%)	Refers to the % female Board directors including executive and non-executive directors at the end of the reporting period.
Women in leadership (%)	Refers to the proportion of women (permanent and maximum term employees) in people leadership roles or senior roles of influence as a proportion of all leaders across the Group. Includes CEO, Executive Team, General Managers, Senior Managers as direct reports to General Managers and the next two levels of management. Westpac Pacific figures included since FY15.
Workforce Enablement, Services and Wealth	Includes recruitment, training, wardrobe, staff wellbeing services, legal and consulting.

Contact details

Westpac Group Sustainability

For questions and comments on our sustainability performance:
Email sustainability@westpac.com.au
Telephone +61 2 8254 8488
Twitter [@westpacsustain](https://twitter.com/westpacsustain)
www.westpac.com.au/sustainability

For information on our compliance with International Agreements, including the United Nations Global Compact and Declaration on Human Rights, contact the General Manager of Group Corporate Affairs & Sustainability via the above details.

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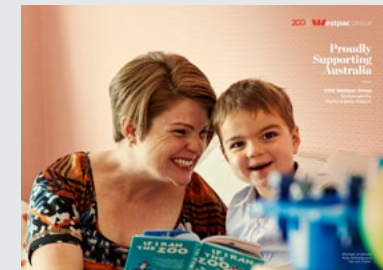
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