

Sustainability Performance Report

2020

WESTPAC BANKING CORPORATION
ABN 33 007 457 141

Fix. Simplify. Perform.

 **estpac** GROUP



Welcome to our 2020 Sustainability Performance Report

Through our sustainability materiality assessment process, we identify the issues and opportunities that matter most to our stakeholders.

Our 2020 Sustainability Performance Report is structured around the most material topics and provides information on our sustainability performance progress over the period.

Please also refer to:

2020 Sustainability Datasheet

- Performance Metrics, Glossary and Definitions

2020 Sustainability Appendix

- Principles for Responsible Banking (PRBs) Reporting and Self-Assessment Template
- Global Reporting Initiative (GRI) Standards Index
- Sustainability Accounting Standards Board (SASB)
- United Nations Guiding Principles Reporting Framework Index
- Sustainability Strategy and Reconciliation Action Plan Scorecards.

These, together with further information about our approach to sustainability, oversight frameworks, policies, positions, and performance ratings and benchmarks, can be found online at westpac.com.au/sustainability

This report aligns with the Global Reporting Initiative (GRI) Standards (Comprehensive) and the AA1000 AccountAbility Principles Standard (2018). We engaged an independent external assurance organisation, PricewaterhouseCoopers, to provide the directors of Westpac with assurance on selected subject matter within this report, the *2020 Sustainability Datasheet* and *2020 Sustainability Appendix*, including the alignment of the reporting with AA1000 and the GRI.

Westpac's full annual reporting suite, including the Annual Report, can be found at westpac.com.au/2020annualreport

Navigating this report



Read more or refer to another report for more information



Case study

All figures are for the 12 months ended 30 September 2020, comparisons are against results for the 12 months ended 30 September 2019, and all dollar amounts are in Australian dollars, unless otherwise indicated.

Westpac Banking Corporation
ABN 33 007 457 141



HELPING THROUGH BUSHFIRES
St.George customer Lyn Grey and Ulladulla Branch Manager Lloyd Pigram at Lyn's bushfire impacted property on the NSW South Coast.



Find out about our bushfire support on page 17.

It has been a challenging year – for the bank, our shareholders, employees, customers and the communities in which we operate. In this report, we explore some of the ways we are supporting our customers, people and communities, as well as the significant change agenda we have underway.

CONTENTS

BUILDING A SUSTAINABLE FUTURE

Chairman and CEO Letter	4
Westpac at a glance	6
Our strategy	7

THE ISSUES THAT MATTER

Our material topics overview	8
Building a simpler, stronger bank	10
Helping customers	13
Supporting our people and communities	19

SUSTAINABILITY STRATEGY

2018-2020 sustainability strategy and progress	27
5 year non-financial summary	29
Climate change	30
Human rights	37

OTHER INFORMATION

Assurance report	40
Contact details	42



Building a simpler, stronger bank



Fix	11
Simplify	12
Perform	12



Helping customers



Responding to COVID-19	14
Our Service Promise	14
New and simpler products	15
Information security and data privacy	16
Help in the moments that matter	17



Supporting our people and communities



Our people	20
Sustainable finance	21
Helping to build stronger, more inclusive communities	24

CHAIRMAN AND CEO LETTER



Welcome to our 2020 Sustainability Performance Report, our first as Chairman and CEO, respectively.

Above from left to right:
John McFarlane, Chairman
and Peter King, CEO

A lot has happened this year. With the bushfires, drought and most recently the COVID-19 pandemic, it has been a time where we have needed to focus on what matters most and support our customers, our communities and the broader economy. We are very proud of the way that our people have continued to show great care for our customers and each other throughout the year's events.

It has also been a significant time of change for us as an organisation. The commencement of AUSTRAC proceedings in November 2019 highlighted shortcomings in our management of financial crime risk and underlying cultural and operational issues. We understand the seriousness of the issues involved and have sought to share updates on investigation findings and the actions we are taking through our AUSTRAC Response Plan. As well as immediate fixes, we have elevated our

financial crime function to be led by a Group Executive that reports directly to the CEO, added risk management skills and resources and we are strengthening our financial crime management program including our policies, data systems, processes and controls.

In addition to addressing root causes, we have established a Safer Children, Safer Communities work program to help reduce the human impact of financial crime with a particular focus on child safeguarding, guided by experts in human rights, child safety, online safety and law enforcement. This year, we established multi-year funding partnerships with International Justice Mission and Save the Children (Australia), and launched a new Impact Grants program.

We are deeply sorry for what occurred.



Supporting customers through the COVID-19 pandemic and bushfires



Refreshed our Climate Change and Human Rights Position Statements and 2023 Action Plans



Expanded our Indigenous Connection call centre to cover all states and territories



Resetting

We are also making far reaching changes to our business, with changes at our Board and executive levels, a focus on core banking in Australia and New Zealand, new operating structures designed for clearer accountability and improved customer outcomes, a new purpose and values to guide cultural change, and improving the way we manage non-financial risk and improving our risk culture.

Creating long-term value

For Westpac, being sustainable is about how we seek to create value for our customers, our people, our shareholders and the broader community over the long-term. As well as financial performance, it is about how we manage non-financial risk and address the issues and opportunities that matter most to our

stakeholders. This year we have included more information on our non-financial performance in our Annual Report, with greater detail available in this report.

Soon we will be releasing our updated sustainability strategy outlining our priorities for the next three years. Listening to stakeholder feedback, it is clear that now, more than ever, we need to be helping individuals, businesses and the economy as we navigate the period ahead together. As the world continues to respond and recover from the COVID-19 situation, we recognise the role that we can play to help build a stronger nation.

We have a big change agenda ahead, and we look forward to continuing to partner and collaborate in an effort to effect positive change. From the industry-led Climate Standards Measurement Initiative, to working with banks around the world to

implement the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking (PRBs), these are important examples of ways that we can seek to achieve more through working together.

We are very fortunate to have experts representing many different stakeholder groups share their time and insights with us through forums such as our Stakeholder Advisory Council, Vulnerable Customer Council, Indigenous Advisory Committee and the Safer Children, Safer Communities Roundtable. These insights help to inform our approach and allow us to understand different stakeholder perspectives. We thank these individuals for their valuable feedback.

It has been a challenging and important year and we hope that through reading this report you can see some of the ways that we are taking action to fix our issues, simplify our business and improve performance.

Yours sincerely,

John McFarlane
Chairman

Peter King
CEO

















“

We are taking action to fix our issues, simplify our business and improve performance.”

ABOUT WESTPAC

Founded in 1817, Westpac is Australia's first bank and oldest company.

With our portfolio of brands, we provide customers with a full range of banking services. We also provide selected insurance, superannuation and wealth platform services to consumers and businesses.

DIVISION	OVERVIEW	BRANDS
CONSUMER	Serves the banking needs of consumers in Australia including the sales and service of banking products, from mortgages, credit cards, personal loans and savings to deposit products. Also works with Business, Westpac Institutional Bank (WIB), and Specialist Businesses in the sales, service, and referral of certain financial services and products including general and life insurance, superannuation, platforms, auto lending and foreign exchange.	    
BUSINESS	Serves the banking needs of small-to-medium businesses and commercial and agribusiness customers across Australia. Also supports the banking needs of high net worth individuals in our Private Wealth business.	   
WESTPAC INSTITUTIONAL BANK	Delivers a broad range of financial services to commercial, corporate, institutional and government customers operating in, and with connections to, Australia and New Zealand.	
NEW ZEALAND	Delivers banking, wealth and insurance services to consumer, business and institutional customers across New Zealand.	
GROUP BUSINESSES	Includes Treasury, Technology and Core Support, which comprises Group support functions of Australian banking operations, property services, strategy, finance, risk, compliance, legal, human resources, and customer and corporate relations.	
SPECIALIST BUSINESSES	Brings together the Group's non-core Australian businesses, including superannuation, wealth platforms, investments, auto finance, general insurance, life insurance, lenders mortgage insurance, along with our operations in Fiji and Papua New Guinea.	   

OUR STRATEGY

OUR PRIORITIES

WHAT THIS MEANS

Our strategy supports our purpose, building on our strengths and refocusing where change is required. We have sharpened the markets and products in which we operate, returning to banking, and our home markets of Australia and New Zealand leveraging our portfolio of brands.

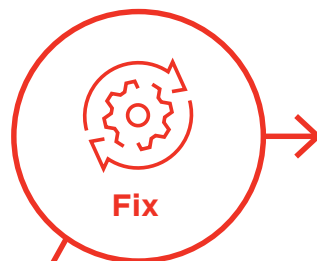
Our three priorities recognise our need to address our shortcomings, reshape the business to concentrate on our core businesses and markets, while lifting service and creating a stronger performance ethic. This will help us to become a simpler, stronger bank.

Our purpose

Helping Australians and New Zealanders succeed.

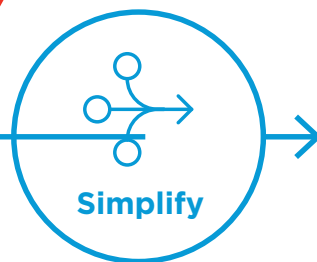
Our focus

Banking for Australian and New Zealand consumers, businesses and institutional customers.



Fix

Addressing our shortcomings by materially improving our management of risk and risk culture, reducing customer pain points, completing historical customer remediation programs, and reducing the complexity of our technology.



Simplify

Returning to our core businesses of banking in Australia and New Zealand, including exiting some businesses and international locations. Rationalising products and simplifying processes to make it easier for customers.



Perform

Improving performance by building customer loyalty and growth through service, sharpening our focus on returns, and resetting our cost base. A strong balance sheet and engaged workforce form the foundations of performance.



HOW WE CAN DELIVER FOR OUR STAKEHOLDERS

CUSTOMERS



Delivering financial services to consumers, businesses and institutions in Australia and New Zealand.

- Trusted with over \$555bn in customer deposits
- Supported over \$693bn in lending

EMPLOYEES



Creating an environment where the best people want to work.

- 40,225 employees

SHAREHOLDERS



Generating appropriate returns over the long-term.

- Our strong balance sheet positions us to manage the downturn and deliver long term shareholder value

THE ECONOMY



Supporting the financial system.

Banks play an important role in supporting the economy through lending, deposits and the efficient flow of funds.

COMMUNITIES



Supporting local communities.

- Over \$150m in community investment¹
- 1m+ participants in financial education

SUPPLIERS



Choosing suppliers responsibly.

- Procured goods and services worth \$6.5bn with \$5.9m in spend towards Indigenous-owned businesses
- Delivering on our 2023 Human Rights Action Plan and working to eliminate risk of modern slavery across our business operations and supply chain

THE ENVIRONMENT



Supporting the transition to a climate resilient future.

- \$10.1bn lending to climate change solutions
- Climate Change Position Statement and 2023 Action Plan

¹ Excludes commercial sponsorships.

THE ISSUES THAT MATTER

Our Material Issues

Every year, through our sustainability materiality assessment process, we identify the opportunities and challenges relating to our business that matter most to our stakeholders, now and into the future.

Our 2020 sustainability materiality assessment used an expanded set of data and insights from customers, investors, suppliers, non-government organisations, employees and senior management.

We also drew on insights from our:

- Westpac Stakeholder Advisory Council;
- Vulnerable Customer Council;
- Westpac Indigenous Advisory Committee; and
- Safer Children, Safer Communities Roundtable.

This year, *Conduct and culture* remained our most material sustainability topic, driven by significant matters including AUSTRAC's proceedings. *Customer safety and access*, *Workforce wellbeing and talent retention* and *Financial performance* were also prominent topics for both Westpac and our stakeholders in light of major events such as the Australian bushfires and COVID-19. *Climate change* and *Human rights* were also key areas of engagement as we developed our updated Position Statements and Action Plans.

Our approach to identifying our material sustainability topics is aligned to the Global Reporting Initiative (GRI) Standards (2016)¹ and the AA1000 AccountAbility Principles Standard (2018)², and supports our assessment of impacts as required by the Principles for Responsible Banking.

¹ GRI Index can be found in our 2020 Sustainability Appendix.

² See Assurance report on page 40.

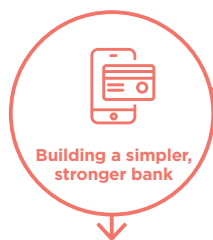
The following pages explore the ways that we are addressing these challenges and opportunities.



THE ISSUES THAT MATTER

Our Material Issues

Through our sustainability materiality assessment process, we identify the opportunities and challenges relating to our business that matter most to our stakeholders, now and into the future.



2020 MATERIAL SUSTAINABILITY TOPICS		
Conduct and culture	Poor conduct has eroded public trust in Westpac and the financial services sector. In response, we have plans in place designed to strengthen our culture, and improve our processes to deliver better customer outcomes.	GRI 419-1
Governance and risk management	We have enhanced our governance this year and are building a stronger risk management capability. This change is critical to the reputation and financial strength of the Group.	GRI 201, 205
Financial performance	Delivering sound financial performance and a strong balance sheet underpins our ability to support customers, the economy and the Group's long-term success.	GRI 201
Changing regulatory landscape	Supervision and regulation in the financial services sector continue to evolve, creating change and complexity in how we operate.	GRI 417, 419

2020 MATERIAL SUSTAINABILITY TOPICS		
Customer satisfaction and experience	Customers want banking to be easier, simpler and more efficient. At the same time, customer needs are becoming more complex.	GRI 417
Customer vulnerability and hardship	Our ability to support customers in times of hardship and anticipate when they are vulnerable allows us to help when it matters most.	GRI 413, 417
Customer safety and access	Maintaining an environment where customers can safely and conveniently access our products and services.	GRI 413
Digital product and service transformation	Digitisation creates opportunities to improve efficiency and deliver new and improved services where, how and when customers choose.	GRI 413
Information security and data privacy	Maintaining confidentiality and the security of our systems and data is paramount in retaining the trust and confidence of our stakeholders.	GRI 418

2020 MATERIAL SUSTAINABILITY TOPICS		
Workforce wellbeing and talent retention	Maintaining a safe, flexible and supportive workplace helps us attract, retain and develop our people.	GRI 401, 404, 405
Climate change risks and opportunities	As a major financial institution, we have an important role to play in managing the risks and opportunities of climate change.	GRI 201
Supporting communities in need	As an integral service provider in the communities in which we operate, we support those in need including in times of emergency and recovery. We also support initiatives that address complex societal and economic issues.	GRI 413
Human rights business risk	We seek to positively impact human rights in our value chain through our role as an employer in fostering inclusion and diversity, our lending, understanding our role in supporting Indigenous communities, our investments in funds, and through our supply chain.	GRI 405, 412, 418

KEY Sustainability Accounting Standards Board (SASB)

- Leadership and Governance
- Business model and innovation
- Social Capital
- Environment
- Human Capital

Task Force on Climate-related Financial Disclosures

- TCFD


1 GRI refers to the corresponding Global Reporting Initiative (GRI) Standard (2016).

THE ISSUES THAT MATTER



Building a simpler, stronger bank

We have a significant change agenda underway, focused around three priorities, **fix**, **simplify** and **perform**.

For more information on the topics covered in this section, including financial performance, an overview of the AUSTRAC proceedings, and our approach to corporate governance, **see our 2020 Annual Report.** 





The AUSTRAC proceedings have become a catalyst for change at Westpac.”

The issues highlighted by the AUSTRAC proceedings deeply disappointed shareholders, customers, and the community, as well as Westpac employees. Together with the immediate actions outlined in our AUSTRAC Response Plan, we have a significant change agenda underway.

6.5 days

average time to resolution for complaints¹, compared to 9 days in 2019



Fix

Addressing our shortcomings by materially improving our management of risk and risk culture, reducing customer pain points, completing our historical customer remediation programs and reducing the complexity of our technology.

What this involves:

- Risk management
- Culture, including risk culture
- Customer remediation
- Reducing IT complexity
- Reducing customer pain points

In July 2020, we announced the findings of our reassessment of our Culture, Governance and Accountability (CGA) Program which was undertaken in response to a request from APRA. The reassessment found that important shortcomings remain in Westpac’s culture,

governance and accountability frameworks and practices and highlighted that important aspects of Westpac’s non-financial risk culture have been ‘immature and reactive’.

We are focused on addressing these shortcomings, including through a program called Customer Outcomes and Risk Excellence (CORE). CORE is a comprehensive, Group-wide transformation program that is designed to improve non-financial risk oversight, lift risk culture and strengthen our risk management framework.

The program has 14 streams of work under three categories:

- direction and tone set by Board and Group Executive - initiatives that set clear tone and direction from leadership to promote a proactive risk culture;
- clear risk boundaries for decision-making - simplifying risk management frameworks and increasing capability and resources in the Risk function; and

accountable and empowered people - providing additional training and support for employees to help them

understand they all have a role in managing risk and driving clearer accountability and decision-making.

To improve our risk culture, this year we have established a new risk culture framework to better define risk roles and responsibilities, updated our Code of Conduct reinforcing the importance of speaking up and the use of the *Should We* test, and commenced the roll-out of a Group-wide Risk Fundamentals training program.

Remediating customers

We continue to review our products, processes and policies where we have not got it right for customers. Where problems have been identified, we have committed to fix them and refund customers. Over \$640 million in remediation payments have now been made for approximately 2.7 million customer accounts.

Redoubling our efforts to remove IT complexity

We started a program to reduce complexity some years ago, which prioritised the upgrade of our technology infrastructure while commencing the development of our customer service hub,

which will become the consumer bank’s central product onboarding platform. At the same time, we have sought to ensure our customer interface has kept pace with customer demands. This program has strengthened the stability, speed and security of our systems and helped ensure the bank remained open for business through the COVID-19 pandemic and support customers via digital channels.

In 2020 we developed a detailed technology roadmap for the next phase of our transformation to build a single, multi-brand operating environment.



REDUCING CUSTOMER PAIN POINTS

Over the past two years, we have made significant changes to the management of customer complaints, both in terms of our processes and by identifying and addressing root cause issues that lead to complaints.

Initiatives include complaints skilling sessions for bankers with a focus on first point resolution, an updated Complaints Management Standard and continuing to make information on how to make a complaint easier to find. We have also rolled out a new complaints management system to help improve the customer experience and for better compliance and reporting.

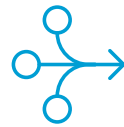
¹ Group Internal Dispute Resolution complaints excluding WIB complaints.



We are clear on the locations, markets, and businesses in which we operate”



inspired to keep it simple and easy



Simplify

Returning to our core businesses of banking in Australia and New Zealand, including exiting some businesses and international locations. Rationalising products and simplifying processes to make it easier for customers to bank with us.

What this involves:

- **Exiting non-core businesses and consolidating international locations**
- **Rationalising products**
- **Implementing Lines of Business operating model**
- **Transforming using digital and data**

Our focus is providing customers in Australia and New Zealand with a full range of banking services through our portfolio of brands.

To reduce complexity and help us become a simpler, stronger bank, we have established a new Specialist Businesses division

to hold the businesses that we do not view ourselves as the long-term owners of, and are consolidating our international operations to focus on the areas where we can best support customers.

For greater accountability for end-to-end performance we are moving to a Lines of Business operating model. Under this model, each line (a major customer offering) has end-to-end responsibility for that business. For example, in our Mortgages Line of Business a Managing Director is responsible for the entire mortgage process from origination, pricing, credit assessment and service.

Across our product line we continue to streamline our offerings, with initiatives to migrate customers to newer and more flexible products, as well as using digital to automate processes.



Perform

Improving performance by building customer loyalty and growth through service, sharpening our focus on returns, and resetting our cost base. A strong balance sheet and engaged workforce form the foundation of performance.

What this involves:

- **Customer service - market leading**
- **Mortgage growth**
- **Enhancing returns, optimising capital**
- **Strong balance sheet**
- **Re-setting cost base**

The following *Helping customers* chapter outlines some of the many ways that we are supporting our customers, particularly throughout the challenges of the last year's events and COVID-19. Restoring mortgage growth is a key priority.

Financial performance

For the full year 2020, Westpac Group reported profit was \$2,290 million, down 66%, and cash earnings of \$2,608 million. Much of the decline resulted from our operating environment, where we faced lower margins and higher impairment charges – a direct result of COVID-19. However, the poor result was also due to higher costs related to the AUSTRAC proceedings along with asset write-downs from businesses we plan to exit.

Nevertheless, our balance sheet remained strong. Our capital ratios are in the top quartile of banks globally and funding and liquidity ratios are comfortably ahead of regulatory minimums.



Restoring mortgage growth is a key priority

THE ISSUES THAT MATTER



Helping customers

This year we defined our new company purpose: *helping Australians and New Zealanders succeed.*

Success means something different for every customer, and that meaning can change over time. We want to be there for our customers – helping them to build their financial future and providing extra support when it's needed most.

2020 SNAPSHOT

14.1m

customers

\$555bn

in customer deposits

75,367

financial assistance packages for customers facing financial hardship

\$693bn

in lending





Responding to COVID-19



With banking an essential service, our teams are working hard to support customers, communities and the broader economy throughout the COVID-19 pandemic.

Initially our focus was on protecting our people and customers while remaining open for business and providing a range of customer support packages such as mortgage and business loan deferrals.

Now our focus has shifted to working with customers who need more individual support. We encourage any customer experiencing financial hardship to contact us early so we can assist them with tailoring support for their individual circumstances.

SUPPORTING CUSTOMERS

AROUND

175,000

mortgage deferral packages

AROUND

40,000

deferrals for businesses

AROUND

220,000

early release superannuation applications paid

MORE THAN

90%

of branch network remained open

\$200

Increased limit for 'tap and go' contactless card purchases to \$200

Our Service Promise

Customer needs continue to get more complex, while customers want banking to be simpler, smarter and smoother. Our job is to make the customer experience as seamless as possible when, how and where customers choose to engage with us.

For our bankers, having conversations with customers and taking the time to understand their situation and financial goals is key to providing great customer service.

While we retained our number one Net Promoter Score¹ ranking in Business banking against the other major Australian banks this year², we are number three in Consumer banking³. We remain focused on improving our customer service and, where we haven't got it right, putting in place appropriate remediation, improving our customer complaint handling processes and addressing the root cause issues that lead to complaints.

¹ 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 ScoreSM is a trademark of Bain & Co Inc., SatmetrixSystems, Inc., and Mr Frederick Reichheld.

² Source: DBM Consultants Business Atlas, March - August 2020, 6MMA. MFI customers, all businesses.

³ Source: DBM Consultants Consumer Atlas, March - August 2020, 6MMA. MFI Westpac Group customers.



Great conversations create great service. It's service with a purpose."

ROSS MILLER, CHIEF CUSTOMER ENGAGEMENT OFFICER



CARE, LISTEN, ACT

A couple with a newborn found a home they wanted to buy, but only had 15% of the necessary deposit saved.

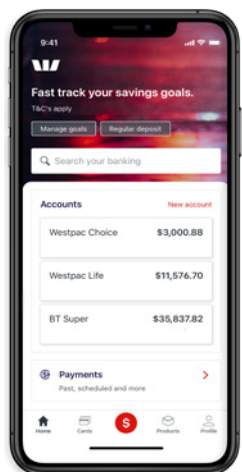
A colleague recommended they meet with St.George Lending Manager Jewel Zhang, and by listening to understand their situation, Jewel was able to identify a number of ways to help them purchase the home.

With our \$1 Lenders Mortgage Insurance (LMI) offer, available to first home buyers borrowing up to 85 per cent of the property value⁴, the couple could purchase the home without having to continue to save for another two years, as well as saving on LMI costs.

Additionally, when Jewel learned that the mother would be returning to work full-time, she was able to acknowledge the mother's back to work income as part of the new home loan application.

Taking the time to understand the situation, along with our range of products and policies, helped the couple secure the home.

⁴ LMI is usually required where financing exceeds 80% of the property value. Full product information and T&Cs available on the St.George website.



Our new personal banking app

New and simpler products

To help reduce pain points and deliver better customer experiences, we have introduced new and simpler products and streamlined our product offerings.

To improve the home ownership experience, we now have digital tools to help customers prepare for their first home loan appointment, upload documents, accept a loan offer in one click and track their application via online banking through to settlement, with reminders and alerts.

We have introduced a new bonus savings rate offer to help young Australians save for their first home, and our supplementary Emergency Services Credit Policy allows permanent front-line emergency services workers to have 100% of their overtime and allowances assessed as part of their home loan application.

With 80% of digital customers using their phone for banking, we are rolling out a new Westpac personal banking app. The app is designed to be faster and easier to use, with more intuitive navigation and quicker payments.

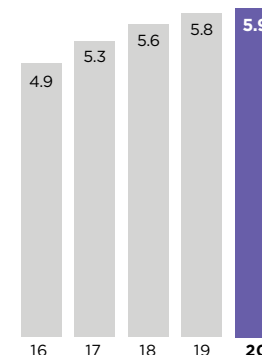
Apple Pay is now available for Westpac, St.George, BankSA and Bank of Melbourne customers, while our Instant Digital Card provides customers with a digital version of their credit or debit card via the Westpac Live mobile banking app – particularly helpful for when cards are lost, stolen or forgotten.

Our BT Panorama mobile app received the highest user ratings from advisers surveyed in the Investment Trends Planner Technology Report for the third year in a row.

To help customers remotely, we can now verify customer identity via video technology, and in New South Wales and Victoria, customers can 'e-sign' home loan documents.

To support small and medium businesses, we are proactively contacting customers who we believe would benefit from activating Merchant Choice Routing for least cost payment routing. Westpac Business Advance, a new digital unsecured business lending product, provides an easy online application and rapid credit decision allowing existing eligible customers to apply for loans of up to \$75,000.

DIGITALLY ACTIVE CUSTOMERS (million)



BRINGING 1,000 JOBS BACK TO AUSTRALIA

Around 1,000 jobs will be brought back to Australia from overseas, following a large increase in demand for customer assistance following the start of COVID-19. With strict lockdowns impacting our offshore partners, we were limited in how quickly we could process certain requests creating delays for customers.

The new roles will support home, personal and business lending and assist customers in financial difficulty.



\$29m

recovered for
customers in lost
funds from scams

Information security and data privacy

Keeping customer data and accounts safe is a priority and we continue to strengthen our systems and educate our community.

Protecting customers from scams

The latest ACCC Targeting Scams Report found Australians reported more than 336,000 scams last year with a loss of over \$634 million. There has also been a spike in scams since the start of COVID-19.

We have introduced new scam detection technology that sends branch employees real-time alerts as payments are being processed where suspicious transactions are identified, allowing them to be investigated on the spot.

Our specialised Scam Assist team supports scam detection and prevention for customers, while our branch teams have received enhanced scam training.

To help customers avoid scams, we have introduced the Security Wellbeing Check within the Westpac App, hosted scam awareness seminars in communities across Australia and distributed more than 8,000 copies of the ACCC Little Black Book of Scams.

We also released a Financial Abuse Support Guide to help protect those who might be more vulnerable to fraud or scam-related activity.

Fraud protection

We provide 24/7 fraud protection monitoring for irregular and suspicious activities. Our Westpac Fraud Money Back and Online Transaction Security Guarantees provide reassurance that customers will be reimbursed in the event of unauthorised transactions.¹



¹ Subject to applicable terms and conditions.



SCAM PROTECTION IN ACTION

John and Valerie were approached by scammers who claimed they were calling in relation to the NBN and said someone was trying to hack into their phone line. John and Valerie were kept on the line for a few hours, with the scammers asking them to 'check this and that'.

At one point they were asked to download files onto their computer, which then allowed the scammers to create a backdoor into their computer and attempt to transfer funds from their credit card.

Fortunately, Westpac's security system recognised the transfer as potentially malicious and immediately blocked the customers' internet banking access, preventing any financial loss for the customer. Realising that something was wrong, John and Valerie also called the branch and were advised to hang up the call with the scammers.



Treating data with care

Protecting the personal data of our customers and employees, as well as our confidential business information is a priority across our organisation.

Our Privacy and Information Security teams are responsible for setting policy and standards in accordance with our risk management framework and with privacy laws and regulations. We have processes in place designed to monitor for existing and new privacy risks and we are taking steps to continue to strengthen our privacy and data protection approach.

Current areas of focus include:

- adapting our processes for the increased number of employees working from home;
- simplifying our website privacy policy to make it easier for customers to understand how we handle their personal data;

- introducing technology to prevent some types of sensitive data from being released out of the organisation without appropriate protection;
- implementing file sharing technology to simplify and improve the secure sharing of data with third parties and customers;
- implementing a tool that helps our people classify their emails and files to improve data handling;
- new training to increase employee understanding of our privacy obligations when handling personal data; and
- strengthening data breach awareness and response processes.

Help in the moments that matter

This year, many customers have endured the impacts of prolonged drought and devastating bushfires.

Our Financial Recovery Hub provides customers with financial resources and tools to help get them back on track following a crisis. Tailored support packages this year included:

Drought

- Extended our ongoing support to customers under a new Drought Assistance Package
- A \$100 million fund to provide carry-on finance loans of up to \$1 million to existing eligible Westpac agribusiness customers at a heavily discounted variable interest rate
- Option to defer principal and interest repayments on existing business term loans and equipment finance for up to 12 months

- Offered an interest adjustment/discount for customers with a Farm Management Deposit to offset eligible business loans.

Bushfires

- Provided \$3.83 million in emergency cash grants to consumer and business customers
- Provided around 1,980 disaster relief packages to help customers manage their finances, including assisting with alternative arrangements such as repayment deferrals
- Received 603 home and contents insurance claims, with total claims from bushfires currently estimated at over \$37 million
- Donated over \$1.4 million to community groups and charities, including Financial Counselling Australia, State-based volunteer fire services and the Foundation for Rural and Regional Renewal (FRRR)
- Supported customers, communities and employees by providing relief staff to selected branches and mobile banking solutions across affected regions.



~1,980

disaster relief packages to help customers impacted by bushfire



MAKING COMPASSIONATE SERVICE AN INDUSTRY PRIORITY

Loss of a loved one is a difficult time and can feel overwhelming. A new Australian Death Notification Service (ADNS) initiative, developed in collaboration between the NSW Government, Westpac and other major banks, will allow the next of kin or representative to provide a verified notice of death to multiple organisations in a single transaction, saving them time and the burden of repeating their story.

Helping those in need of extra care

Many of us will become vulnerable at some point in our lives and need extra help or care. We continue to improve support for customers in these circumstances.

This year our specialist teams supported more than 24,000 customers experiencing vulnerability and issued over 75,300 financial assistance packages for customers facing financial hardship.

We developed an enterprise-wide standard to help our people support customers in vulnerable circumstances, and a Family or Domestic Violence Position Statement to outline the principles we apply when providing extra care to affected customers.

To assist customers and their families going through challenging circumstances, we provide education toolkits and resources on areas such as loss of a loved one, divorce or separation, and elder financial abuse.

We also offered support for elderly customers and people experiencing vulnerability to get started with contactless banking due to COVID-19 restrictions.

To assist individuals experiencing a problem with gambling, our gambling preference opt-out option allows customers to block transactions with merchants we can identify as gambling merchants on our consumer credit cards and some debit cards.

Remote services banking

Westpac Remote Services supports Aboriginal and Torres Strait Islander customers in remote communities who may face geographic, language and cultural barriers to accessing financial services.

First piloted in 2018, this year we expanded Yuri Ingkarninithi, our Indigenous Connection call centre, to cover customers in all States and Territories. More than 18,000 conversations were held with over 5,000 customers to support a variety of remote

banking needs including access to cards or cash, establishing telephone and internet banking and resolving issues with scams and fraud.

With our program of remote visits paused due to COVID-19, the Remote Services team extended its phone, email and video support. The team also proactively connected with other service providers in remote communities to understand the evolving challenges faced by customers and increase awareness of the services offered by the Indigenous Connection call centre.



The [Yuri Ingkarninithi Indigenous Connection] team at Westpac treats clients with the respect, dignity and understanding that they deserve, and show grace and patience when supporting people that have limited interactions with electronic support services.”

BRENTON NIEMZ,
REGIONAL MANAGER, FAR WEST
COAST SA, AUSTRALIAN RED CROSS

THE ISSUES THAT MATTER



Supporting our people and communities

As one of Australia's largest companies and banks, we can help support the social, economic and environmental wellbeing of Australia and New Zealand.

We can do this as an employer, through the financing decisions that we make and through the role we play in supporting local communities.

2020 SNAPSHOT

40,225

employees (headcount)

\$150m+

in community investment¹

\$10.1bn

lending to climate change solutions

719

jobs² created by Westpac Foundation³-backed social enterprises

¹ Excludes commercial sponsorships.

² Jobs created through the Westpac Foundation job creation grants to social enterprises are for the year ended 30 June 2020.

³ Westpac Foundation is administered by Westpac Community Limited (ABN 34 086 862 795) as trustee for Westpac Community Trust (ABN 53 265 036 982). The Westpac Community Trust is a Public Ancillary Fund, endorsed by the ATO as a Deductible Gift Recipient. None of Westpac Foundation, Westpac Community Trust Limited nor the Westpac Community Trust are part of Westpac Group. Westpac provides administrative support, skilled volunteering, donations and funding for operational costs of Westpac Foundation.



Westpac Foundation has awarded \$300,000 over three years to Soft Landing, a national social enterprise that diverts end-of-life mattresses from landfill and creates stable and meaningful jobs for people experiencing barriers to employment.

Find out more about Westpac



9.4%

of employees using Employee Access Program for confidential counselling and coaching

20,000+

employees transitioned to working from home

73%

employee commitment index¹

Our people

Our priority through COVID-19 has been to protect our people while remaining open for business so we can support customers, communities and the Australian economy.

We have implemented a broad range of measures to protect the health and wellbeing of employees. This includes enhanced corporate cleaning of our sites, personal protective equipment, temperature checks in larger sites and installation of polycarbonate protective screens in branches.

Where possible, we transitioned to remote working, with more than 20,000 employees working from home and special leave provisions introduced to address illness, self-isolation and changed childcare responsibilities.

With a large increase in demand for customer assistance through online channels and telephone, we had to quickly increase staffing in our contact centre and operations teams.

COVID-19 has increased the need for mental wellbeing support. In response, we have introduced new tools and resources to support employees' health and wellbeing, including for parents and carers balancing home and work commitments, and for employees exposed to the increased risk of domestic and family violence. During the bushfire crisis earlier in the year, we provided targeted solutions for our most impacted customer support teams and wellbeing checks for employees in bushfire regions.

A focus of our mental health strategy has been enhancing leadership capability, with 2,250 people leaders completing training in early intervention, prevention of mental ill-health, and the importance of supportive leadership behaviour.

Our Service Promise

Weekly 'huddles' where employees come together to share great examples of service and areas where we need to change remain an important part of our operating rhythm.

The huddles explore our values to provide clarity on expected behaviours in everyday situations and help to build our culture of service and performance.

Our employee commitment index¹ increased to 73%, from 72% at the end of FY19. After a downturn following the AUSTAC proceedings, employee engagement strengthened over the year as we supported customers and communities during the bushfire crisis and COVID-19. In addition, the changes we are making to our business are helping to address our people's feedback.

Building skills for the future

To help our people continue to develop their skills, we provide a range of structured and self-paced learning experiences, including virtual coaching support to help bankers have great customer conversations and deepen relationships.

We have also partnered with leading universities to offer employees a range of micro-credentials in transferrable skills such as risk, lending and service.



WELLBEING PODCAST SERIES

Westpac Chief Mental Health Officer Dave Burroughs' Wellbeing podcast series is helping employees stay connected and focused on their wellbeing during a period of change and uncertainty. Dave shares practical advice from his 20-year career as a psychologist, with episodes ranging from coping with isolation to managing your financial wellbeing.

¹ Six-month rolling average.



Creating a diverse, inclusive culture

Recognising and embracing the diversity of our people helps us to create an inclusive culture where employees feel they belong, are encouraged to bring new ideas and understand the diversity of the communities we serve.

We have maintained 50% Women in Leadership¹ roles overall and are focused on growing diversity in our leadership pipelines for the most senior levels of the organisation through dedicated leadership programs.

A new Cultural Diversity Leadership Shadowing Program enables employees from a wide range of ethnic backgrounds to be partnered with a senior leader to learn from their leadership experiences. 210 employees participated in this first year of the program.

This year we welcomed 115 new-to-bank Aboriginal or Torres Strait Islander hires and increased the regional footprint of our Aboriginal and Torres Strait Islander traineeship program, which provides paid full-time or school-based traineeships to build experience in the financial services industry.

We have launched the second intake of our Tailored Talent program, designed to overcome hiring barriers for people on the autism spectrum. The program was recognised with the 2020 Aspect Advancement Award from Autism Australia.

Our Employee Action Groups bring together communities of employees with shared interests who are passionate about growing our inclusive culture and promoting awareness of issues and opportunities. With over 10,000 members, our EAGs include:

- ABLE – focused on disability and accessibility inclusion;
- Amplify – for employees over 50;
- Brothers & Sisters – supporting our Aboriginal and Torres Strait Islander community;
- Cultural Diversity Leadership – elevating cultural diversity in our leadership;
- Domestic and Family Violence – raising awareness and support for people impacted by Domestic and Family Violence;
- GLOBAL – focused on LGBTIQ inclusion;
- Pro Bono Volunteering – connecting employees with skilled volunteering opportunities;
- The Youth Network – for employees under 35;
- Veterans – supporting current and former Defence members and their partners; and
- Women of Westpac – empowering women.

Sustainable finance

Many corporate and institutional customers are moving towards more sustainable business models. We offer a broad range of sustainable finance products and services to support them.

Sustainable lending

An Economist Intelligence Unit report², sponsored by Westpac and released in February, found 68% of investors plan to increase their allocation of funds in sustainable investments over the next 12 months, with renewables and energy efficiency leading the way.

This year, our sustainable lending focused on supporting positive social outcomes amidst the economic and social impacts of COVID-19 and continuing to support the transition to a low carbon economy.

Globally, social finance increased more than four times over the six months to end June compared to the prior year.

Westpac continued to be the largest financier to greenfield renewable energy projects in Australia, funding 13 projects over three years with capacity to support more than 1.2 million households.

There is continued demand for green loans, as well as sustainability-linked loans, which incentivise and reward borrowers for meeting pre-determined sustainability targets. Transactions this year include:

- Coriance secured a €100 million sustainability-linked loan aligned with three targets key to its core business and cost of funds;
- Westpac NZ and Contact Energy entered into a \$50 million, four-year sustainability-linked loan facility, one of the first of its kind in New Zealand. The loan's incentive targets align with continual improvement in Contact Energy's Environmental Social and Governance (ESG) performance, including assessment of its climate strategy, electricity generation mix, corporate governance and stakeholder engagement;

¹ Women in Leadership refers to the proportion of women (permanent and maximum term) in leadership roles across the Group. It includes the CEO, Group Executives, General Managers, senior leaders with significant influence on business outcomes (direct reports to General Managers and their direct reports) large (3+) team people leaders three levels below General Manager, and Bank Managers and Assistant Bank Managers.

² www.westpac.com.au/corporate-banking/westpaciq/financing-sustainability-report



#1

largest financier to greenfield renewable energy projects¹ in Australia for past three years

\$10.1bn

lending to climate change solutions

75%

renewable energy represents 75% of our lending to the electricity sector

- Genex secured \$192 million of funding for their Jemalong Solar Project and the refinancing of the existing debt facility for the Kidston Solar One Project. The senior facility has been verified as a Green Loan, the first globally to be certified under the updated Climate Bonds Standards v3.0. The loan is also the largest Certified Green Loan by an Australian renewable energy group; and
- Westpac NZ helped Meridian Energy launch its Green Finance Programme. All Meridian's \$1.8 billion debt instruments are covered by the programme, including a dedicated pool of eligible wind and hydroelectricity projects and assets. The programme has been independently reviewed and verified by DNV GL Business Assurance Australia.

We have continued our strong partnership with government, scoping and delivering bespoke energy options for the NSW Government. This includes

solar installations at three research centres run by the NSW Department of Planning, Industry & Environment (DPIE) in partnership with Verdia.

During the year, we updated our Sustainability Risk Management Framework and ESG Credit Policy, developed tools to support bankers when considering ESG risks, and enhanced our position statements including on climate and human rights. Regulators across multiple jurisdictions, including APRA and ASIC, continue to advance their agenda on climate risks, and it remains an area of interest for investors.

Sustainable investment

Through our wealth management business, BT, we continue to develop and expand our approach to sustainable investment.

BT maintained its A+ rating for its sustainable investment strategy and governance through the Principles for

Responsible Investment (PRI), reflecting our long-term commitment to leadership in this space.

Our refreshed BT Sustainability Framework outlines how we embed sustainability and ESG considerations in our investment process and enable our members and investors to make informed choices about our products and services.

For investments we manage internally, we launched our new BT Sustainable Investment Policy. This outlines how BT approaches sustainability when investing on behalf of customers, including members of the default MySuper Lifestage funds available through our retail and corporate superannuation funds.

This year we received SuperRatings' Infinity recognition across both BT Super and BT Super for Life, in recognition of industry-leading sustainable behaviour and a genuine commitment to responsible investment principles.

In addition to providing customers access to ESG tools through our Panorama investment platform, BT launched new resources to help advisers and their clients understand their options for considering or prioritising sustainability investments.

BT continues to disclose its approach to climate change across our wealth management business, in alignment with the recommendations of the FSB Task Force on Climate-related Financial Disclosures (TCFD).

FIRST GREEN LOAN IN SUPERANNUATION

This year, we launched Australia's first green loan developed for the superannuation sector. Working closely with Local Government Super, the \$65 million green loan was structured by determining which of the buildings in its Local Government Property Fund meet international standards for green buildings set by the Climate Bonds Initiative.

1 IJGlobal, September 2020.



\$19.1m

spend with diverse suppliers¹

\$5.9m

spend with Indigenous-owned businesses

Affordable housing

During the year we were joint lead managers for National Housing Finance and Investment Corporation (NHFIC) on two social bonds, \$315 million in November 2019 and \$562 million in June 2020 – the largest social bond by an Australian issuer and three times oversubscribed, reflecting strong demand.

The funds raised by the bonds support community housing providers (CHPs) across New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia, financing over 4,700 properties including over 1,100 new dwellings.

Our lending to the social and affordable housing sector increased to \$1.7 billion². This reflects a change in market dynamics with funding sources to the sector more diversified. We continue to support NHFIC and its clients.

Managing our supply chain

We work with over 8,600 supplier partners³ and during the year procured goods and services worth \$6.5 billion across Australia and New Zealand. This year, our Top 100 suppliers by spend⁴ in Australia and New Zealand were assessed to identify inherent ESG risks.

In response to the *Modern Slavery Act 2018* (Cth), we have published a new Responsible Sourcing Code of Conduct, updated our Responsible Sourcing assessment tool to increase our ability to identify risks of modern slavery and expanded the scope of our assessment activities to suppliers in high risk categories, outside of our Top 100 by spend. We have commenced a redesign of the Responsible Sourcing Program to enhance our methods of identifying ESG risks and take steps to mitigate and manage ESG risks across different industries and deeper into our supply chain.

Our supplier inclusion and diversity program has also continued to grow with \$19.1 million spent with diverse suppliers during the year.

Responding to the Australian Modern Slavery Act

A regulatory change project has been established to manage our compliance with the *Modern Slavery Act 2018* (Cth). We plan to publish a first statement under the new legislation by 31 March 2021. Work is underway to identify, manage and mitigate modern slavery risks across our operations and supply chain. We continue to report under the *Modern Slavery Act 2015* (UK).

+ For more on our human rights disclosures, please see page 37.



A HEAD START ON HOME OWNERSHIP

Head Start Homes (HSH) is a not-for-profit community services organisation that acts as guarantor for single mothers, First Nations people and families in need living in community housing who can afford a home loan but are locked out due to the need for a large deposit or mortgage insurance.

HSH was established by Westpac employee Stephen Woodlands and Westpac has supported the organisation – with Stephen seconded to HSH until April 2021 and through Westpac employee volunteers.

This year, HSH assisted its first homebuyer into the market, Charlene, a solo parent of three children in Port Macquarie, with St. George providing her Head Start Pledge home loan.

¹ Diverse suppliers include businesses that are at least 51% Indigenous owned and controlled, at least 51% female owned and controlled, Australian Disability Enterprises, social enterprises or B Corporations.

² Refers to the cumulative Total Approved Exposure to customers in the Social and Affordable Housing sector since 2013. For full definition, please refer to the *2020 Sustainability Appendix*.

³ Methodology for supplier numbers updated in 2020.

⁴ Top 100 suppliers to Westpac Australia covered by the Responsible Sourcing Program by spend for the 12 months ended 30 September.

“

Volunteering my professional skills with a social enterprise is extremely rewarding. It allows me to think about my customers in a different way and understand their needs on a deeper and more personal level.”

JOYCE JIAO
ASSOCIATE DIRECTOR,
SUSTAINABLE FINANCE,
AND WESTPAC FOUNDATION
COMMUNITY AMBASSADOR
FOR SHEWORKS

Helping to build stronger, more inclusive communities

Skilled volunteering and employee giving

Through our community programs, we support our employees to make a difference in the issues and causes important to them.

This year, we launched the Pro Bono Employee Action Group to bring together employees passionate about sharing their professional skills with not-for-profits. Westpac employees contributed over 14,300 skilled volunteering hours.

We also supported employees to volunteer in support of bushfire affected communities, providing uncapped paid leave for emergency services volunteers (including Fire, SES, Paramedic and Defence) and three days' paid community volunteering leave to volunteer with community organisations.

Additionally, we are supporting suitably qualified employees with up to two weeks' paid volunteer leave so they can volunteer in a medical field related to COVID-19.

In response to COVID-19, our partnership with Jawun pivoted from providing place-based secondments of 6-12 weeks with Indigenous community organisations around Australia, to online secondments. Since 2001, 940 Westpac employees have completed a Jawun secondment.

This year, over \$2.74 million was donated to more than 780 charities through our Matching Gifts program, which matches employee donations to eligible Australian charities dollar for dollar.

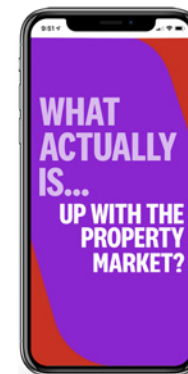
67 employees took part in an Australian-first pilot of Giving Circles at Work in collaboration with Good2Give and the Centre for Social Impact Swinburne. The pilot found that collective giving, where donors pool their funds and jointly decide where to donate, is a positive experience for employees and annual donations of participants increased by 43%. We are now looking to support Giving Circles as an ongoing part of our workplace giving program.

Building financial confidence

During the year we delivered a range of financial education programs, reaching over one million participants.

Westpac's financial education experts, The Davidson Institute relaunched its financial education platform, including a new online financial fitness course and videos to simplify complex financial concepts like compound interest.

To connect with 18-35 year olds, we introduced a new series of social media video content featuring journalist Marty Smiley covering topics like buying a property and the gig economy.



WESTPAC YOUTH IMPACT CHALLENGE

Year 1 to 12 students from across Australia took part in the Westpac Youth Impact Challenge, run by The Davidson Institute in partnership with youth entrepreneurship organisation Fiftysix Creations. Students identified a UN Sustainable Development Goal and pitched their innovative business or social change ideas to help solve it. Over 84,000 students engaged with Youth Impact HQ, with 4,156 submissions made to the Challenge.

Reducing the human impact of financial crime

One of the commitments in our Response Plan to the ASTRAC proceedings was to develop a program to help reduce the human impact of financial crime.

The program involves a series of actions and investments we intend to deliver in Australia and across the Asia Pacific Region over three years to make a meaningful impact on child safety and protection.

To guide our approach, we established the *Safer Children, Safer Communities Roundtable* of experts in human rights, child safety, online safety and law enforcement.

Progress this year included developing strategic partnerships with International Justice Mission to invest \$18 million over three years to tackle online sexual exploitation of children in the Philippines, and with Save the Children (Australia) to invest

\$6 million over six years to support the delivery of its 'Protect Children – Philippines' project.

We are working with an international non-government organisation to invest \$25 million in cross-industry data sharing projects to better detect, monitor, report and prevent harm to children associated with financial crime.

Most recently, we launched a new Impact Grants program, allocating \$9.2 million to support community organisations and not-for-profits working across a range of child safety and protection initiatives in Australia.

Respecting human rights

This year we released our updated Human Rights Position Statement and 2023 Action Plan.

+ Find out more about our approach to human rights on page 37.

Tomorrow's leaders

Westpac Scholars Trust¹ awards 100 scholarships each year to individuals from all walks of life who have the ideas and drive to help shape the future of Australia.

Westpac Scholars are talented Australians tackling issues of profound importance, from finding treatments for rare diseases, to creating innovative businesses to help solve our most pressing social problems. Today there are almost 500 Westpac Scholars across Australia.



Since 2014, Westpac Scholars Trust has awarded scholarships valued at \$24.6 million in partnership with 22 universities across Australia



Image courtesy of Synchron.



YOU READ MY MIND

Westpac Scholar Associate Professor Nick Opie has designed a device that could help thousands of Australians whose illness or injury affects their movement and ability to communicate – by reading their mind.

The Stentrode, a tiny electronic device implanted into the brain, can translate brain signals into movement. With the help of a Westpac Research Fellowship, Opie and his team at The University of Melbourne have progressed to human trials.

¹ Westpac Scholars Trust (ABN 35 600 251 071) is administered by Westpac Scholars Limited (ABN 72 168 847 041) as trustee for the Westpac Scholars Trust. Westpac Scholars Trust is a private charitable trust and neither the Trust nor the Trustee are part of Westpac Group. Westpac provides administrative support, skilled volunteering, and funding for operational costs of Westpac Scholars Trust.



719 jobs¹

In 2020, Westpac Foundation helped social enterprises create 719 jobs and 1,245 employment pathways

Helping create jobs for vulnerable Australians

This year, Westpac Foundation² awarded \$2.3 million in grants to employment-focused social enterprises and community organisations that create jobs, training and education opportunities for Australia's most vulnerable.

COVID-19 has had a profound impact on the social sector, with much of the Foundation's focus on supporting its grant partners sustain operations as they seek new revenue models.

In addition to grants, Westpac Foundation expanded its non-financial support, including working with Social Impact Hub to provide access to pro bono support, professional development, business mentoring and networks across the sector.

This year, Westpac Foundation partnered with the Foundation for Rural and Regional Renewal (FRRR) to award grants to 50 local community organisations in rural, regional and remote communities affected by drought, bushfires and COVID-19.



THE BREAD AND BUTTER PROJECT

The Bread and Butter Project is Australia's first social enterprise bakery, investing 100% of its profits into training and employment opportunities for refugees and asylum seekers. Normally operating as a wholesale bakery, the closures of cafes and restaurants due to COVID-19 resulted in a 60% loss in revenue overnight.

With Westpac Foundation's support, the social enterprise was able to increase its retail sales by expanding its distribution to Woolworths Metro stores. The pivot helped ensure the bakery could keep its doors open and its team of bakers and trainees employed.

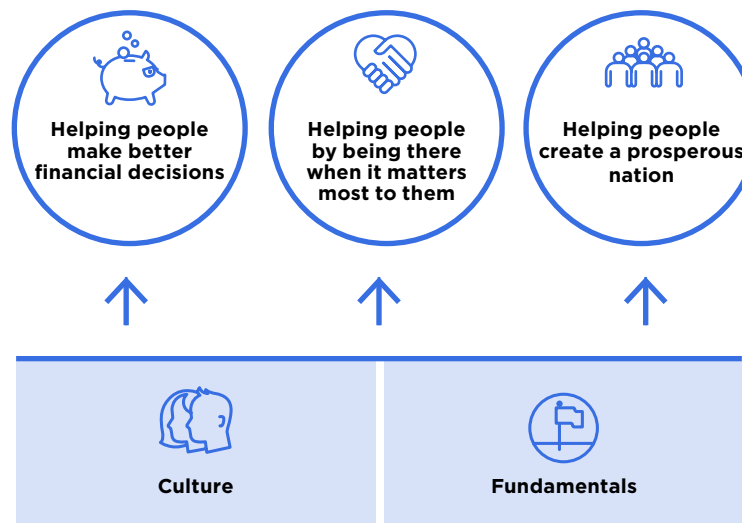
1 & 2 Refer to footnotes on page 19.

2018-2020 Sustainability Strategy

At the conclusion of our 2018-2020 Sustainability Strategy we met or exceeded over 80% of the measures we set out to achieve in late 2017.¹

Despite these achievements, the AUSTRAC proceedings highlighted shortcomings, particularly in our management of financial crime and underlying cultural and operational issues. Information about the actions that we are taking as part of our Response Plan and our broader change agenda can be found in the *Becoming a simpler, stronger bank* section on page 10. Complementing these actions, our 2021-2023 Sustainability Strategy, scheduled for release later this year, will set out where we believe we can create the most impactful long-term value for our stakeholders over the next three years.

¹ Total number of measures met divided by total number of measures. See also, *2020 Sustainability Appendix - Strategy Scorecard*.





2020 SUSTAINABILITY STRATEGY KEY OUTCOMES



Helping people make better financial decisions

- Provided financial education to Australians and New Zealanders through a range of programs (see *2020 Sustainability Datasheet – Financial education*). This includes:
 - Over 1 million people participated in **financial education programs**, delivered through face to face and online platforms in FY20; and
 - Financial capability communications for different demographic segments including in FY20 for young Australians, in partnership with Year 13; women, via Ruby Connection (72,000 members of the Ruby Connection Community, 260k engagements and 15 million impressions across Ruby Connection social channels); and older Australians, via Starts at 60 (over 2 million interactions).
- Helped more customers better understand their financial position through regular contact programs on product features and usage, with 83% of our Consumer customers contacted during FY20.

OBJECTIVES NOT MET

An initiative to send customers personalised cash management reports was discontinued during the strategy period.



Helping people by being there when it matters most to them

- During the three-year period of the strategy:
- Helped customers experiencing hardship, issuing over **165,000 financial assistance packages**.
 - Supported customers and communities during difficult times including:
 - \$100 million **Drought Assistance Package**.
 - **Bushfires response** including interest free and discounted loans, \$3.8 million in emergency cash grants to customers and over \$1.4 million in donations to community groups and charities.
 - **COVID-19 response** included 175,000 mortgage deferral packages and ~40,000 deferrals for businesses.
 - Developed an enterprise-wide standard to help our people **support customers in vulnerable circumstances**.
 - Established **Yuri Ingkarninithi**, our Indigenous Connection call centre, conducting over 18,000 customer conversations this year to support a variety of remote banking needs.

An initiative to increase the number of businesses supported through a transition, such as family succession and generational change was not continued after pilot testing.



Helping people create a prosperous nation

- During the three-year period of the strategy:
- Westpac Foundation¹ job creation **grants to social enterprises** helped to create over 2,000 jobs² for vulnerable Australians.
 - Westpac Foundation¹ awarded over 400 **Community Grants** to the total of \$4.1 million and supported approximately 52,000 people.
 - Westpac Scholars Trust³ awarded over \$12 million in **educational scholarships**, with 474 scholarships now awarded.
 - We grew our Many Rivers partnership, supporting 2,495 people with jobs⁴, with 868 identifying as Indigenous.
 - Lending to **climate change solutions** grew to 10.1 billion, exceeding our target of \$10 billion.
 - Joined other Australian banks, insurers, super funds, investors and industry groups to form the **Australian Sustainable Finance Initiative**.
 - We were founding a bank and signatory to the Principles for Responsible Banking, developed in 2019 as part of the United Nations Environment Programme Finance Initiative (UNEP FI).
 - Established the **Safer Children, Safer Communities Roundtable** of experts in human rights, child safety, online safety and law enforcement as part of our AUSTRAC Response Plan.

Businesses of Tomorrow program did not progress in 2020 due to ongoing impacts of COVID-19.

Lending to social and affordable housing did not reach our target of \$2.5 billion as government-backed entities played a larger role as capital providers in the market.



Culture

- **Reduced average time to resolution for complaints⁵** to 6.5 days in Full Year 2020, compared to 9 days in Full Year 2019.
- **Maintained 50% women in leadership** roles over the last three years.
- **416 new-to-bank hires over the three years are Aboriginal or Torres Strait Islander**.
- **Updated a range of employee leave entitlements** to recognise the diverse make-up of our people.



Fundamentals

- Committed to source **100% of global electricity consumption from renewable energy sources** by 2025 and joined the RE100.
- Maintained **carbon neutral status⁶**.
- Contributed over **\$410 million to community investment** excluding commercial sponsorships over the last three years, with contributions above 1% of pre-tax profits..
- Around 9.6% of employees participated in Westpac **skill-based volunteering programs**, and/or accessed volunteering leave.

1 & 2 Refer to footnotes on page 19.

3 Refer to footnote on page 25.

4 Jobs created through the Many Rivers job creation are for the year ended 31 December 2019.

5 Group Internal Dispute Resolution complaints excluding WIB complaints.

6 Refer to Westpac's carbon neutral certifications on Westpac's website: www.westpac.com.au/about-westpac/sustainability/performance-reports



5 year non-financial summary¹

	2020	2019	2018	2017	2016
Customer					
Total customers (millions)	14.1	14.2	14.2	13.9	13.4
Digitally active customers (millions)	5.9	5.8	5.6	5.3	4.9
Branches	1,103	1,143	1,204	1,251	1,310
Branches with 24/7 capability (%)	36	35	33	29	27
ATMs	2,036	2,847	3,222	3,665	3,757
Smart ATMs (%)	69	54	47	44	37
Change in customer complaints from prior year (%) - Australia	145	94	12	(18)	(31)
Change in customer complaints from prior year (%) - New Zealand	6	2	(16)	(21)	(7)
Number of approved applications for financial assistance from customers experiencing financial hardship	75,367	52,025	37,678	28,322	30,759
Employees					
Total employees (full-time equivalent)	36,849	33,288	35,029	35,096	35,580
Employee voluntary attrition (%)	7.4	10.3	10.0	9.6	10.6
New starter retention (%)	85.8	84.5	84.1	84.7	85.5
Employee Commitment Index (%)	73	72	73	76	-
Lost Time Injury Frequency Rate (LTIFR)	0.4	0.4	0.4	0.6	0.8
Whistleblower reporting - number of new concerns	184	278	289	344	209
Women as percentage of the total workforce (%)	57	58	57	58	58
Women in leadership ² (%)	50	50	50	50	48

	2020	2019	2018	2017	2016
Environment					
Total Scope 1 and 2 emissions (tonnes CO ₂ -e)	107,634	121,168	128,339	134,237	156,701
Total Scope 3 emissions (tonnes CO ₂ -e)	91,616	87,262	90,454	94,279	80,125
Paper consumption - Aust and NZ (tonnes)	1,539	1,812	2,161	2,706	3,304
Carbon neutrality	Maintained	Maintained	Maintained	Maintained	Maintained
Sustainable lending					
Climate change solutions attributable financing - Aust and NZ (\$millions)	10,059	9,263	9,113	6,979	6,193
Proportion of electricity generation financing in renewables including hydro - Aust and NZ (%)	75	75	71	65	59
Electricity generation portfolio emissions intensity (tonnes CO ₂ -e/MWh)	0.25	0.26	0.28	0.36	0.38
Finance assessed under the Equator Principles - Group (\$millions)	126	454	773	891	617
Social Impact					
Community investment excluding commercial sponsorship (\$millions)	153	130	128	164	148
Community investment as a percentage of pre-tax profits - Group (%)	3.58	1.33	1.09	1.42	1.39
Community investment as a percentage of pre-tax operating profit (cash earnings basis)	3.21	1.32	1.10	1.41	1.32
Financial education (participants)	1,009,232	619,995	133,844	112,263	59,596
Supply chain					
Top suppliers assessed under the Westpac Responsible Sourcing Program (%)	100	98	100	21	-
Spend with Indigenous Australian suppliers - Australia (\$millions)	5.9	4.2	4.5	2.8	1.7

¹ An expanded set of performance metrics, including definitions is available online in the 2020 Sustainability Datasheet.

² Refer to definition on page 21.

CLIMATE CHANGE

Our climate change commitment

Since 2018, we have published disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Building on previous disclosures, this section provides an update on how we further integrated management of climate change impacts into our business and our performance against the recommendations of the TCFD.

This year saw further development in the climate change agenda and increased interest from investors, regulators, customers and civil society in our approach to this issue.

Notable developments during the period were:

- announcements by regulators in Australia, the UK and New Zealand to enhance requirements of banks to manage climate risks;
- guidance published by the UK's Climate Financial Risk Forum on climate risk management, scenario analysis, disclosure and innovation; and
- release of a climate disclosure guide by the Climate Measurement Standards Initiative for Australian banks, general insurers and asset owners.

We continued to monitor local regulators' climate-related agenda and engage in industry-wide developments through the Australian Banking Association, Australian Sustainable Finance Initiative, Australian Business Roundtable for Disaster Resilience and Safer Communities, Climate Measurement Standards Initiative and United Nations Environment Programme Finance Initiative.



We are committed to managing our business in alignment with the Paris Agreement and the need to transition to a net zero emissions economy by 2050.”

1ST AUSTRALIAN BANK TO RELEASE A CLIMATE CHANGE POSITION STATEMENT IN 2008

Strategy

In May, we released our updated Climate Change Position Statement and 2023 Action Plan (Climate Action Plan)¹.

The updated Climate Action Plan was informed by scenario and financed emissions analysis, as well as engagement with customers, investors, industry bodies, non-governmental organisations and community representatives.

Westpac's strategy is based on five principles and three areas of focus where we believe climate change will most impact our customers, business and stakeholders.

It also sets out areas where we will seek to improve our oversight, risk management and disclosure of climate change risks and opportunities.



FINANCED EMISSIONS

Earlier this year, we conducted preliminary analysis with Guidehouse to understand the sectoral profile of our Scope 3 financed emissions².

This analysis used publicly available average emissions factors for Australian homes and generic emissions factors for industry sectors³.

As a result, we identified utilities, mining and agribusiness as the three key sectors comprising the majority of our financed emissions. To address this, we updated our lending criteria as set out in our Climate Action Plan.

While these three sectors remain our priority, we are also supporting other sectors in responding to climate change. The property, manufacturing and transport sectors will become a focus as we work through our commitment to develop Paris-aligned financing strategies.

1 Westpac's Climate Change Position Statement and 2023 Action Plan does not apply to investments made where a Westpac Group entity is acting as a trustee (for example Responsible Super Entity licensee or Responsible Entity) or insurer. The governance and strategies for ESG risk in these portfolios (including climate change) are the responsibility of the relevant board and management of these entities.

2 Scope 3 financed emissions are an estimate of the greenhouse gas emissions arising from activities supported by Westpac's lending activity (including Australian mortgage lending, SME and corporate loans).

3 This analysis uses the Partnership for Carbon Accounting Financials principles. For Australian Institutional and Business customers, the customer's emissions are calculated as a portion of Westpac's debt exposure to the customer as a percentage of the customer's total debt and equity. For Australian mortgages, the customer's emissions are assumed as 100% of the on-balance mortgages to Westpac until the mortgage is no longer in Westpac's portfolio.

OUR CLIMATE STRATEGY

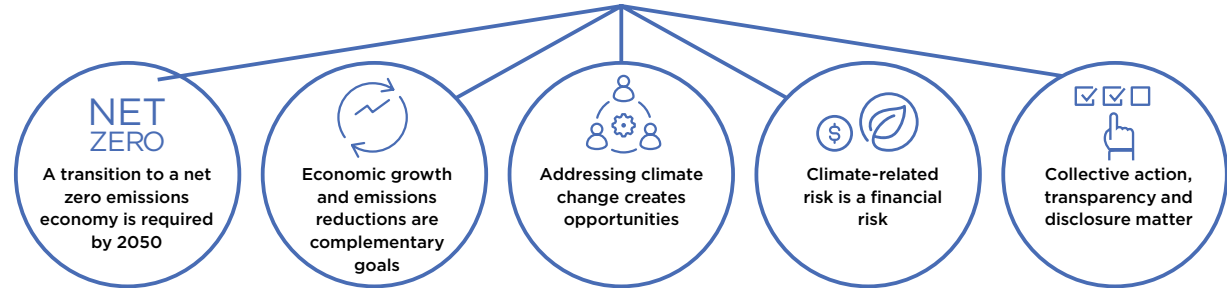
Westpac recognises that climate change is one of the most significant issues that will impact the long-term prosperity of the global economy and our way of life.

As a financial institution, we believe the most constructive role we can play is to work with customers and communities to respond to the challenge of climate change.



OUR APPROACH

We have five core principles that guide and inform our approach to climate change:



OUR CLIMATE ACTION PLAN

Helping customers and communities respond to climate change, we aim to:



Provide \$3.5 billion new lending to climate change solutions by 2023.

Develop Paris-aligned financing strategies and portfolio targets for sectors representing the majority of our financed emissions.

Provide access to products and services that can help customers reduce energy consumption and improve the resilience of their homes.

Support customers to get back on their feet after a natural disaster by providing hardship assistance, relief packages or community grants.

Improving the climate performance of our operations, our targets are to:



Source the equivalent of 100% of our global electricity consumption through renewable sources by 2025.

Reduce Scope 1 and 2 emissions by 85% by 2025 and 90% by 2030 from 2016 base year.

Reduce our Scope 3 – Supply Chain emissions by 35% by 2030 from 2016 base year.



Manage our business in alignment with the Paris Agreement and the need to transition to a net zero emissions economy by 2050.

Supporting initiatives and policies to achieve the goals of the Paris Agreement, we will:



Work with peer organisations, industry groups and NGOs to collaborate and share information to help drive policy outcomes aligned to net zero emissions by 2050.



SHORT TERM
0 TO 3 YEARS

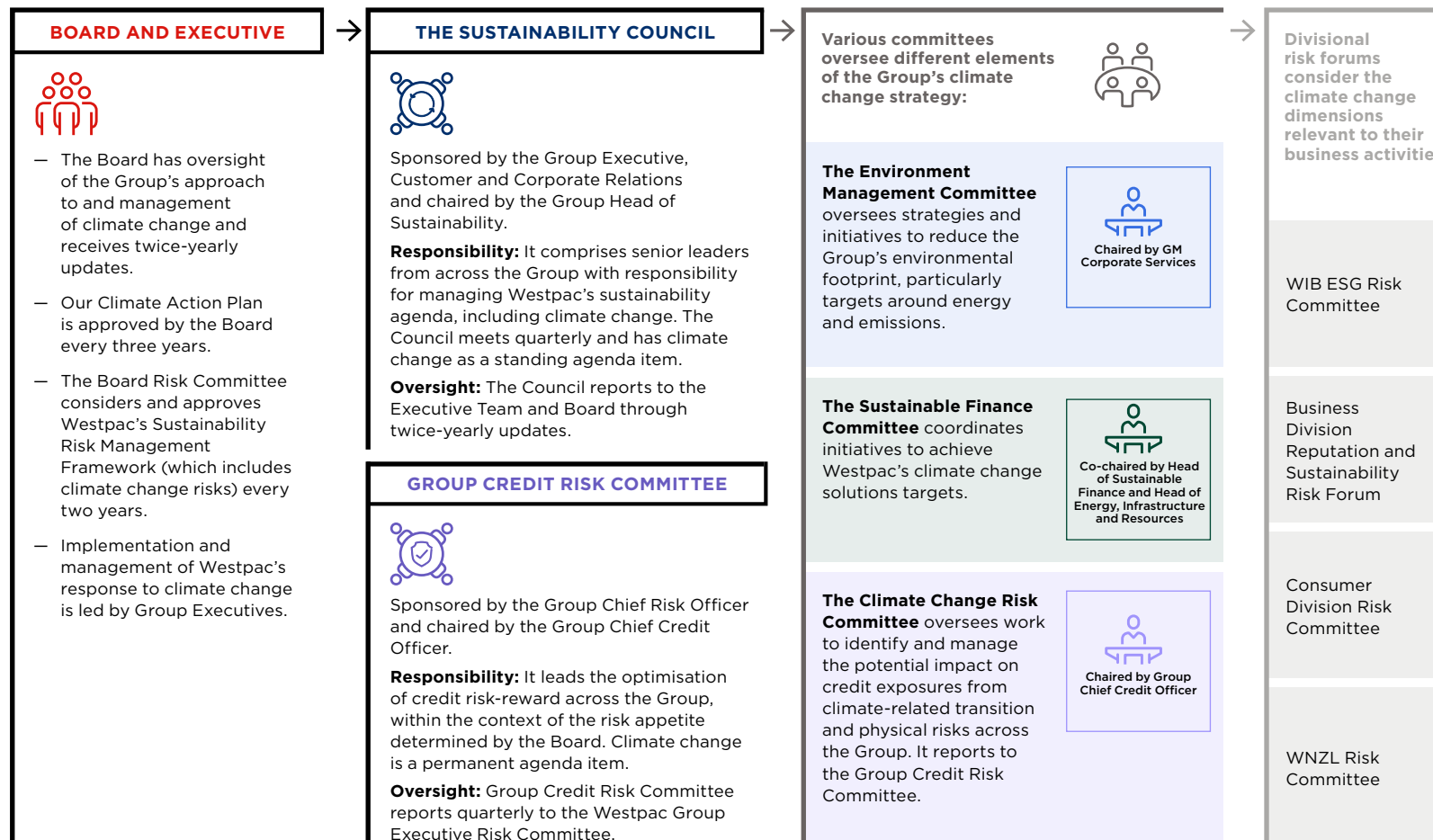
MEDIUM TERM
3 TO 10 YEARS

LONG TERM
10 TO 30 YEARS

To learn more about our climate strategy and targets, read our [Climate Change Position Statement and 2023 Action Plan](#)

Oversight

During the year, the following Board and management arrangements were in place to oversee Westpac's climate change agenda.



During the year, the Board:

- attended a training workshop led by industry experts to discuss climate change risks, investor expectations and directors' duties;
- approved the Group's fourth Climate Action Plan in April 2020; and
- noted a summary of developments in climate change as part of its six-monthly sustainability strategy update.

To enhance oversight of climate change we:

- aligned the Climate Change Risk Committee to be a sub-committee of the Group Credit Risk Committee to improve oversight of climate-related financial risks;
- implemented climate change updates to risk forums for all major customer-facing divisions including Westpac Institutional Bank (WIB), Business Division, Consumer Division and Westpac New Zealand Limited (WNZL); and
- commenced work to enhance climate change reporting to the Board, in line with our Climate Action Plan.



Managing climate-related risks

Climate change risks are managed within the Group's risk management framework. We seek to understand the potential for climate-related transition, physical and litigation risks to impact our business, in particular the possible impact on credit risk, regulatory and reporting obligations, and our reputation.

Through our Climate Action Plan, we set out criteria for lending to emissions-intensive and climate-vulnerable sectors, supporting customers that are in, or reliant, on these sectors and who assess the financial implications of climate change on their business, including how their strategies are likely to perform under various forward-looking scenarios, and demonstrate a rigorous approach to governance, strategy setting, risk management and reporting.

We review our Sustainability Risk Management Framework, risk appetite measures and policies ensuring the criteria set out in the Climate Action Plan are integrated.

These criteria are applied at the portfolio, customer and transaction level where appropriate.

Escalation of climate-related risks to relevant divisional risk committees occurs in accordance with the Sustainability Risk Management Framework.

If the identified risks are not within risk appetite then the application of conditions to manage the risks may be considered, or the transaction may be declined.

During the year, six customer transactions were escalated to our WIB ESG Risk Committee to inform lending decisions on matters relating to climate change.

This year we improved climate-related risk management by:

- establishing 'Sustainability' as a Level 1 Risk in the Group Risk Taxonomy to enhance Group focus on material sustainability risks including climate change;
- realigning ownership of the Sustainability Risk Management Framework from Group Sustainability to Risk to improve integration with Group-wide risk approaches;

- initiating a review of our Sustainability Risk Management Framework, Risk Appetite Statements and ESG Credit Policy to integrate the criteria set out in our new Climate Action Plan;
- completing WNZL's first climate risk disclosures in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations; and
- conducting a physical risk assessment of the impacts of sea level rise on coastal flooding and erosion on the WNZL residential mortgage book.

CLIMATE CHANGE RISK COMMITTEE

This year, we updated our Climate Change Risk Committee (CCRC) Terms of Reference to improve oversight of climate-related financial risks.

Now chaired by the Group Chief Credit Officer and reporting to the Group Credit Risk Committee, the CCRC's objectives are to:

- oversee identification, quantification and management of climate-related risks;
- integrate climate-related risks into risk management frameworks, lending policies and lending guidelines;
- design, execute and integrate climate scenario analysis and portfolio resilience testing;
- support climate change disclosures and reporting; and
- facilitate continuous improvement in climate-related risk management.

The CCRC met three times during the year.

**Scenario analysis**

Since 2016, Westpac has evolved its scenario analysis to inform its assessment of climate-related risks and opportunities over short, medium and long-term horizons. The findings from our scenario analysis informed our current Climate Action Plan which outlines a range of commitments to help customers and communities respond to climate change.

We continue to assess¹:

- the resilience of our Australian Business and Institutional lending² to transition risks using 1.5 and 2-degrees scenarios; and
- the potential impact of climate-related physical risks on the Australian mortgage portfolio³ arising from global warming scenarios of both 2 and 4-degrees.

This year we built on this work by analysing the credit characteristics of lending in these areas.

Transition risk – Australian business and institutional portfolio

The share (%) of our current Australian Business and Institutional portfolio exposed to sectors which by 2050 may face relatively higher growth constraints⁴ under a 1.5-degrees transition scenario is provided below, along with related credit quality metrics.

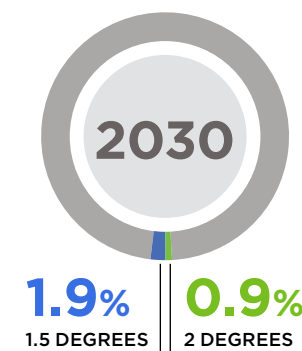
SECTOR	% OF AUSTRALIAN BUSINESS AND INSTITUTIONAL PORTFOLIO	CREDIT QUALITY (BY % TOTAL COMMITTED EXPOSURE) ⁵			TENOR (<5 YEARS BY % EXPOSURE)
		STRONG	GOOD / SATISFACTORY	WEAK ⁶	
Petroleum and coke products	0.9%	87.3%	5.4%	7.3%	96.8%
Coal mining	0.2%	6.7%	74.3%	19.0%	99.1%
Oil and gas extraction	1.0%	90.5%	6.5%	3.0%	78.2%
Gas distribution	0.7%	97.4%	2.4%	0.2%	94.7%
Air transport	0.5%	51.1%	25.0%	23.9%	65.9%

Physical risk – Australian mortgage portfolio

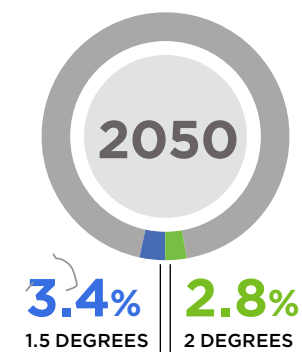
The share (%) of our current Australian mortgage portfolio in postcodes which by 2050 are likely to be exposed to higher physical risks under a 4-degrees scenario is shown below, along with related credit quality metrics.

% AUSTRALIAN MORTGAGE PORTFOLIO	DYNAMIC LVR (WEIGHTED AVERAGE) ⁷	>90% DLVR ⁷	90+ DAY DELINQUENCIES (%)
1.7%	61.5%	9.0%	1.8%

+ Further data from our scenario analysis can be found in the Sustainable Lending and Investment section of our *2020 Sustainability Datasheet*

TRANSITION RISKS TO 2030 AND 2050 IN OUR AUSTRALIAN BUSINESS AND INSTITUTIONAL LENDING PORTFOLIO

Around 1.9% of our current lending portfolio is exposed to sectors which by 2030 may face relatively higher growth constraints under a 1.5-degree scenario. Under a 2-degree scenario this is less than 1%.



Around 3.4% of our current lending portfolio is exposed to sectors which by 2050 may face relatively higher growth constraints under a 1.5-degree scenario. Under a 2-degree scenario this is 2.8%.

¹ Using transition and physical risk scenarios developed in 2018 and 2019. For further details see pages 118-120 of our 2019 Annual Report.

² Excludes retail, sovereign and bank exposures.

³ Excludes RAMS and Equity Access.

⁴ Sectors whose medium (2030) and long-term (2050) performance under a scenario deviated by more than one standard deviation below average GDP growth, were classified as 'higher risk'.

⁵ For further information on the credit risk rating system, please see our 2020 Annual Report.

⁶ 'Weak' includes weak, default and non-performing credit risk rating categories.

⁷ Dynamic LVR is the loan-to-value ratio taking into account the current loan balance, changes in security value, offset account balances and other loan adjustments. Property valuation source: CoreLogic. Weighted average LVR calculation considers size of outstanding balances. Further information on Westpac's mortgage portfolio is in our Investor Discussion Pack.



We acknowledge that our own commitments to operate our business in line with the goals of the Paris Agreement mean that we must clearly set out expectations for our customers.”

Further work

As part of our Climate Action Plan, further work underway includes:

- assessing climate-related physical risks on our Australian agribusiness portfolio and how we can continue to support our customers to respond;
- updating our assessment of physical risk in our Australian mortgage book and how we can help customers become more climate-resilient;
- integrating climate change considerations into our core stress-testing capability; and
- analysing lending across the energy sector, including a ‘deep dive’ on the oil and gas sector under Paris-aligned scenarios.

Energy sector focus

Our focus on the energy sector recognises its critical role in the transition to a low carbon economy and our role in supporting this change. Our lending to the energy sector value chain¹ can be broken down into the following categories:

Mining and Extraction	Transport	Electricity Generation ²	Oil and Gas Refining
Oil and Gas Extraction \$2.22bn	LNG Terminal \$0.57bn	Gas \$0.67bn	\$2.02bn
Exploration \$0.56bn		Black coal \$0.27bn	
Coal		Brown coal \$0.03bn	
Metallurgical coal \$0.21bn	Coal	Liquid fuel \$0.12bn	
Metallurgical coal in diversified miners ³ \$0.03bn	Rail \$0.28bn	Hydro \$1.30bn	
Thermal coal \$0.30bn	Port \$0.44bn	Other renewables \$1.89bn	
Uranium \$0.03bn			
			Distribution and Retail
			Electricity and Gas ²
			Networks \$4.53bn
			Retailers \$0.77bn
			Oil and Gas \$1.32bn

Oil and gas sector

We have commenced work to further understand the role of oil and gas in the transition to a low carbon economy. In the first phase of this work we will:

- study how global oil and gas demand might perform when carbon emissions are constrained in line with ‘well below’ 2-degree and 1.5-degree transition pathways;
- analyse the strategies required by the upstream oil and gas sector to align their businesses with emissions reduction pathways consistent with the scenarios; and
- assess the approaches and technologies required to decarbonise.

In subsequent phases we will seek to:

- establish benchmarks that will allow us to assess our portfolio and customers’ climate performance relative to Paris-aligned pathways; and
- develop Paris-aligned lending criteria, sustainable finance solutions and portfolio targets to use these insights to support our client engagement.

¹ All figures are Total Committed Exposures (TCE) as at 30 September 2020 for WIB only.

² Australia and New Zealand only. Customers with operations across several sectors are attributed across those activities based on business segment contribution.

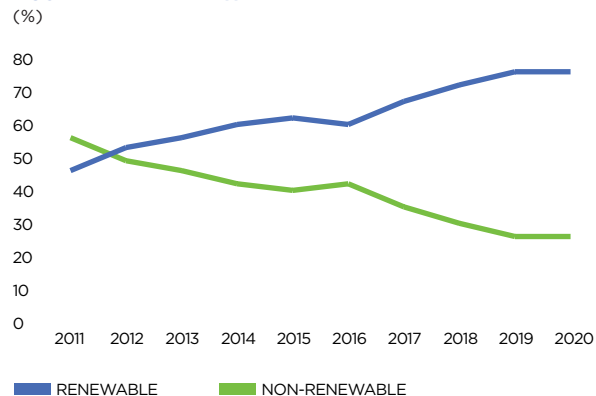
³ Coal exposure within diversified miners are apportioned by the percentage EBITDA contribution of coal in their latest annual financial statements. Thermal coal exposures within diversified miners is immaterial.



Metrics and targets

Our key metrics demonstrate our progress, and commitment to support the transition to a Paris-aligned low carbon economy. Further metrics can be found in our *2020 Sustainability Datasheet*.

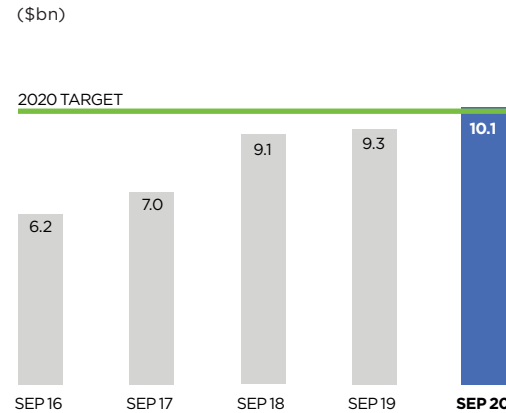
LENDING TO ELECTRICITY GENERATION AUSTRALIA AND NEW ZEALAND (%)



The share of renewables in our lending to the electricity sector has remained at 75%.

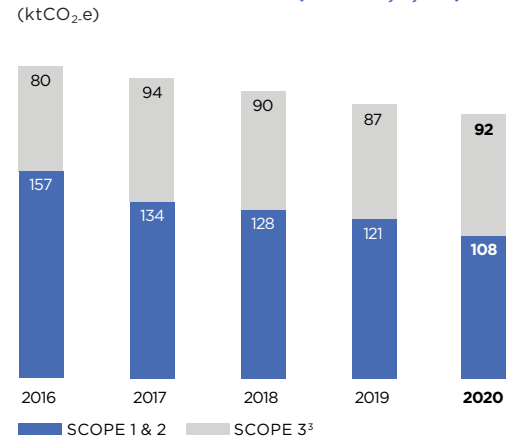
- 1 Australia only. NEM benchmark is sourced from the Australian Energy Market Operator.
- 2 Data as at 30 June 2020, 2016 to 2019 Scope 3 figures restated to reflect methodology update in 2020.
- 3 Scope 3 emissions increased between 2019 and 2020 due to the inclusion of employee commute emissions from 2020.
- 4 FY16 Scope 1 and 2 baseline: 147,620 tCO₂e.
- 5 Thermal coal mining is 58% of coal mining exposure (WIB only).

CLIMATE CHANGE SOLUTIONS (\$bn)



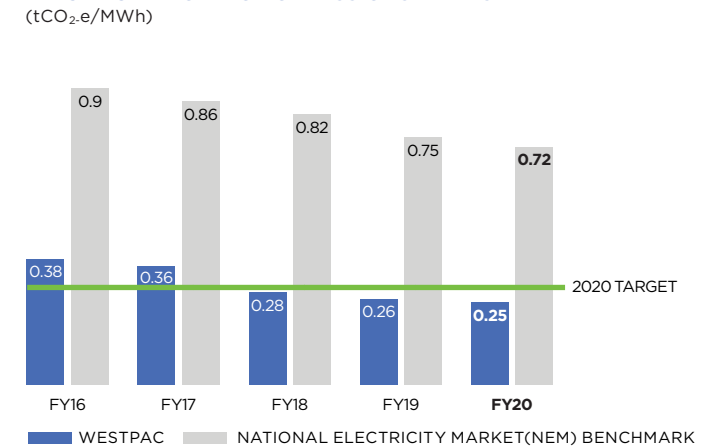
Increased lending to climate change solutions, taking total committed exposure to \$10.1 billion, exceeding our target of \$10 billion by 2020.

OPERATIONAL EMISSIONS (SCOPE 1, 2, & 3)² (ktCO₂e)



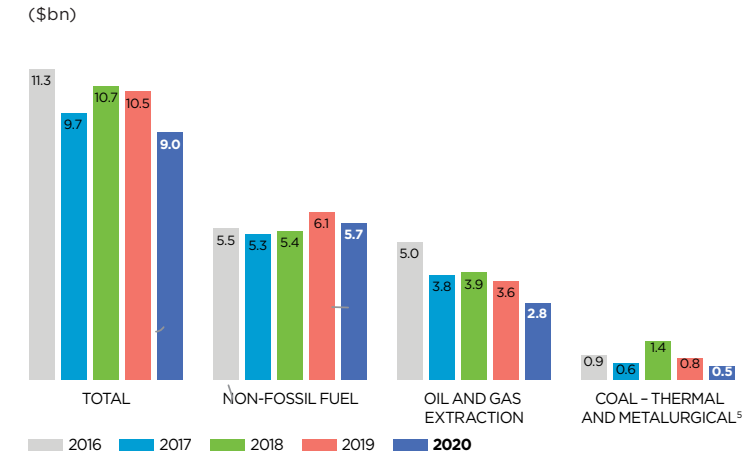
Reduced Scope 1 and 2 emissions by 27% since 2016⁴ exceeding our reduction target of 9% by 2020.

ELECTRICITY PORTFOLIO EMISSIONS INTENSITY¹ (tCO₂e/MWh)



The emissions intensity of our lending to the Australian electricity generation sector remains well below the national benchmark and ahead of our 2020 target of 0.30 tCO₂e/MWh.

MINING EXPOSURE (\$bn)



Our exposure to the mining sector is around 0.85% of Group TCE.

HUMAN RIGHTS

Our commitment to human rights

As a major financial institution, we understand that through our activities we may impact on human rights, whether in our different roles as a financial services provider, lender, purchaser of goods and services, employer, or supporter of our communities.

We recognise that we have both a responsibility to respect human rights, and opportunities to positively impact human rights, across our value chain.

In May, we published our third Human Rights Position Statement and 2023 Action Plan (Human Rights Action Plan). It:



Sets out the principles that guide our approach and helps stakeholders identify the specific policies, frameworks and other documents where those principles are applied in practice



Commits to 19 specific actions over the next three years addressing how we will more deeply embed respect for human rights into our business and our business relationships, in line with the UN Guiding Principles on Business and Human Rights



Aligns our approach more closely with global frameworks and heightened disclosure expectations related to business and human rights

Governance and oversight

The Westpac Group Board has oversight of our approach to human rights and our management of human rights risks. Our Human Rights Action Plan is reviewed by the Executive Team and approved by the Board every three years. The Board Risk Committee considers and approves Westpac's Sustainability Risk Management Framework (which includes human rights risks) every two years. The implementation and management of Westpac's approach to human rights is led by Group Executives.

Various committees oversee different elements of the Group's Human Rights Action Plan, including divisional risk committees, the Human Rights Working Group, Modern Slavery Steering Committee, Stakeholder Advisory Council, Westpac Indigenous Advisory Committee, Safer Children, Safer Communities Roundtable and Sustainability Risk Management Working Group.

Identifying our salient human rights issues

Salient human rights issues are those human rights at risk of the most severe negative impact through our activities and business relationships.

Through our different roles (lender, employer, and others identified in our Human Rights Action Plan), we are connected with potential human rights impacts, and through our actions, we could reduce, exacerbate or facilitate these impacts.

We seek to identify, prevent, mitigate and account for our adverse human rights impacts through a range of processes. One way we do this is by determining or reviewing our salient human rights issues at least annually.

In reviewing and determining our salient human rights issues this year, we took steps to improve the way that we listen to feedback from those whose human rights might be impacted.

Our salient human rights issues were informed by:

- our sustainability materiality assessment including primary data sourced from our customers and employees;
- issues raised through our grievance channels, including trends in customer complaints and issues raised with our specialist customer teams;
- material human rights issues reviewed as part of our Environmental, Social and Governance due diligence on institutional customers; and
- listening to our employees, including through interviews and focus groups on inclusion and diversity.

This is important in a year where a range of events, including the impacts of COVID-19 on our employees and customers, the commencement of the *Modern Slavery Act 2018* (Cth), and the proceedings AUSTAC brought against Westpac, underlined the need to strengthen our ability to identify human rights risks and impacts and how we take action in the event of, or address the risk of, adverse impacts on people.



In reviewing and determining our salient human rights issues this year, we took steps to improve the way that we listen to feedback from those whose human rights might be impacted.”

Our Human Rights Action Plan outlines the policies and strategies in place to manage the salient human rights issues highlighted below.

IN OUR ROLE AS:	SALIENT HUMAN RIGHTS
Financial services provider	<ul style="list-style-type: none"> Our services may be used to adversely impact on human rights. At-risk and vulnerable groups may be impacted by misuse of our services by others. For example, exploitation of our services for criminal purposes, abusive transaction descriptions, controlling another’s spend and limiting another’s access to funds. Indigenous populations continue to face challenges with access to banking through identification and verification issues and distance to services. Information security and data privacy is an area requiring ongoing vigilance, with new risks posed by use of personal data by third parties and through the Open Banking regime.
Lender	<ul style="list-style-type: none"> Labour rights and land-related human rights are an important area of focus, with particular regard to vulnerable groups subject to marginalisation, discrimination or exploitation. Our engagement in the Pacific exposes us to different human rights regimes.
Employer	<ul style="list-style-type: none"> Reducing work-related mental ill-health remains a key area of focus. Employee wellbeing due to the impacts of the bushfires and COVID-19 remains a priority. Discrimination and harassment can impact our diverse workforce.
Purchaser of goods and services	<ul style="list-style-type: none"> Unfair wages and working conditions for workers in our value chain also remains an area of focus, along with modern slavery risk in our supply chain (refer to <i>Taking Action on Modern Slavery</i> case study to right). We are reviewing industries of concern for modern slavery risk as part of uplift to our Responsible Sourcing program.



TAKING ACTION ON MODERN SLAVERY

In response to the *Modern Slavery Act 2018* (Cth), this year we have taken steps to embed its requirements across our operations and supply chain. These include:

- identifying ways to better address modern slavery risk by uplifting our policies, procedures, due diligence processes and grievance mechanisms. For example, we shared our Speaking Up Policy and ‘Speaking Up’ channels with key suppliers, letting them know they may use the Speak Up reporting system and independent Whistleblower hotline to report known or suspected modern slavery or human rights violations;
- conducting a risk assessment of Modern Slavery with our suppliers providing insight into risks across our supply chain and lending activities; and
- collaborating with industry, such as through the Australian Banking Association including industry-standard red flags and typologies in high risk industries.

We plan to publish a first statement under the new legislation by 31 March 2021.

We published our Slavery and Human Trafficking Statement for the 2019 financial year, in accordance with the *Modern Slavery Act 2015* (UK).

Managing human rights issues

This year, we took important steps to uplift our respect for human rights, in line with our Human Rights Action Plan:

THEME	HIGHLIGHTS/PROGRESS
Financial services provider	<ul style="list-style-type: none"> – Took action to deliver extra care and sensitivity in the way we serve and support customers experiencing vulnerability. – Progressed a significant multi-year program of work to address management of financial crime risks, including those associated with child exploitation. – Commenced a series of actions and investments in Australia and across the Asia Pacific region through our Safer Children, Safer Communities work program. More information on page 25.
Lender	<ul style="list-style-type: none"> – Updated our ESG Credit Risk Policy and reviewed our positions on certain sensitive sectors to include further guidance on human rights risks and further embed the principle of assessing ‘risk to people’, as well as risk to the business. – Developed capability building and training on selected high-risk human rights issues.
Employer	<ul style="list-style-type: none"> – Updated our Inclusion and Diversity Policy and progressed our refresh of the Group’s Inclusion and Diversity Strategy. – Supported the psychological health and safety of our workforce, particularly in light of the impacts of bushfires and COVID-19. – Commenced a refresh of our Indigenous Cultural Awareness training.
Purchaser of goods and services	<ul style="list-style-type: none"> – Shared our ‘Speaking Up’ channels with key suppliers (refer to <i>Taking Action on Modern Slavery</i> case study). – Developed a risk-based approach for the Responsible Sourcing Program by expanding the scope of our assessment activities to suppliers in high risk categories for modern slavery. – Updated the Responsible Sourcing Code of Conduct, the assessment tool and the clause in our supplier master services agreements to provide coverage for modern slavery in our identification, assessment and monitoring processes. – Trained sourcing and procurement teams to raise awareness of modern slavery and where this may exist in our supply chain.
Embedding principles	<ul style="list-style-type: none"> – Updated the Sustainability Risk Management Framework, to better embed the principle of assessing ‘risk to people’, as well as risk to the business. – Commenced work on our 2021-2023 Reconciliation Action Plan to better align with the UN Declaration on the Rights of Indigenous Peoples. – Developed new risk appetite measures, to improve tracking, monitoring and reporting on human rights. – Reviewed our salient human rights issues.



SUSTAINED COMMITMENT TO REDUCING THE HUMAN IMPACT OF FINANCIAL CRIME

Access to ‘remedy’ is one of the key principles guiding our approach and commitment to respecting human rights. Our Human Rights Action Plan notes that remedy may take many forms, depending on how we identify our role in causing or contributing to human rights harm.

As a major bank, Westpac has an important role to play in assisting law enforcement agencies to detect, deter and disrupt money laundering, terrorism financing and other serious crimes. In this regard, Westpac is required to monitor its customers and report suspicious matters to AUSTRAC.

As part of the AUSTRAC proceedings, we admitted that we should have implemented more robust transaction monitoring for child exploitation risks earlier than we did. Since November 2019, we have taken a number of steps to enhance our transaction monitoring in relation to child exploitation risks.

We also recognise we can play a role in addressing the human impacts of financial crime. This year we established the *Safer Children, Safer Communities* work program. The program emerged from the third pillar of Westpac’s Response Plan to the AUSTRAC proceedings. Through a series of actions and investments that we intend to deliver in Australia and across the Asia Pacific region over a three year period, we are taking action to reduce the human impact of financial crime and make a meaningful impact on child safety and protection.



More information on actions we have taken so far is available on page 25.



Assurance report

Independent Assurance Report to the Board of Directors of Westpac Banking Corporation

What we found

Based on the work described below, nothing has come to our attention that causes us to believe that the selected subject matter for the year ended 30 September 2020 has not been prepared, in all material respects, in accordance with the reporting criteria.

What we did

Westpac Banking Corporation ('Westpac') engaged us to perform limited assurance on selected subject matter within the Westpac Group 2020 Sustainability Performance Report, Westpac Group 2020 Sustainability Appendix and Westpac Group 2020 Sustainability Datasheet (together, the 'Westpac Group 2020 Sustainability Performance Reporting').

Selected subject matter

- Westpac's assertion that the 2020 Westpac Group Sustainability Performance Reporting has been prepared in line with:
 - The AA1000 AccountAbility Principles (2018) ('AA1000'); and
 - The Global Reporting Initiatives' GRI Standards (2016) ('GRI Standards').

- Westpac's self assessments/assertions of its fulfilment of its commitments as a signatory of the Principles for Responsible Banking for the following areas:
 - 2.1 Impact Analysis
 - 2.2 Target Setting
 - 2.3 Plans for Target Implementation and Monitoring
 - 2.4 Progress on Implementing Targets
 - 5.3 Governance Structure for Implementation of the Principles
 - 6.1 Progress on Implementing the Principles for Responsible Banking; and
- Selected performance indicators listed in Table 1 for the year ended 30 September 2020 (the 'selected performance indicators').

The selected subject matter did not include:

- data sets, statements, information, systems or approaches other than the selected performance indicators and related disclosures;
- forward looking statements; or
- any comparisons made against historical data.

TABLE 1 SELECTED PERFORMANCE INDICATORS	
Customers	<ul style="list-style-type: none"> • Change in number of customer complaints from prior year (%) <ul style="list-style-type: none"> — Australian Banking — Wealth management and insurance — New Zealand • Complaints types (%) <ul style="list-style-type: none"> — Australian Banking — New Zealand — Wealth management and insurance • Complaints resolved within 5 days (%) -Australian Banking • Number of customers provided with natural disaster relief packages • Number of approved applications for financial assistance from customers experiencing hardship
Employees	<ul style="list-style-type: none"> • Full Time Equivalent - Group total • Women in leadership - Group total (%) • Whistleblower reporting - total number of new concerns • Percentage of basic salary - female to male (% by category)
Sustainable lending and investment	<ul style="list-style-type: none"> • Sector specific lending profiles (total committed exposure) <ul style="list-style-type: none"> — Climate change solutions - Australia and New Zealand <ul style="list-style-type: none"> - total attributable financing (\$m) - distribution by taxonomy type (%) — Electricity Generation - Australia and New Zealand <ul style="list-style-type: none"> - total attributable financing (\$m) - distribution by fuel type (%) — Energy Sector Focus <ul style="list-style-type: none"> - Thermal coal (\$b) - Metallurgical coal (\$b)
Suppliers	<ul style="list-style-type: none"> • Total supply chain spend (\$b) • Top suppliers assessed under the Westpac Responsible Sourcing Program (%)
Social and economic impact	<ul style="list-style-type: none"> • Community investment including commercial sponsorships (\$m) • Financial education - number of participants (Group total)

PricewaterhouseCoopers, ABN 52 780 433 757

2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001

T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Reporting criteria

The selected subject matter has been assessed against the following criteria (the 'reporting criteria'):

- Westpac's own definitions for each of the selected performance indicators, contained in the 'Glossary and definitions' section of the Westpac Group 2020 Sustainability Datasheet, which will be presented at westpac.com.au/about-westpac/sustainability/performance-reports/ on 2 November 2020;
- the Principles for Responsible Banking;
- AA1000; and
- the GRI Standards.

Responsibilities

PwC

Our responsibility is to express a conclusion based on the work we performed.

Westpac

Westpac management ('management') is responsible for the preparation and presentation of the selected subject matter in accordance with the reporting criteria and is also responsible for the selection of methods used in the reporting criteria.

Further, management is responsible for establishing and maintaining internal controls relevant to:

- the preparation and presentation of the selected subject matter, such that it is free from material misstatement, whether due to fraud or error;
- maintaining adequate records; and
- making estimates that are reasonable in the circumstances.

What our work involved

We conducted our work in accordance with the Australian Standard on Assurance Engagements (ASAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Revised)*.

This Standard requires that we comply with independence and ethical requirements and plan the engagement so that it will be performed effectively.

Main procedures performed

The main procedures we performed were:

- obtaining an understanding of Westpac's materiality process and assessing it against the AA1000 and GRI Standards requirements;

- reviewing a sample of supporting documentation and conducting interviews with management to assess whether the outputs of Westpac's materiality process fairly represent the material issues identified by stakeholders;
- reviewing the Westpac Group 2020 Sustainability Performance Reporting to assess whether it meets the disclosure requirements of AA1000 and the GRI Standards;
- interviewing selected members of the Westpac Executive team, business unit personnel and group level management to understand the key sustainability matters relevant to Westpac;
- making enquiries regarding the processes and controls for capturing, collating and reporting the performance data within the selected subject matter;
- reconciling the selected performance indicators to underlying data sources;
- testing the arithmetic accuracy of a sample of calculations of the selected performance indicators;

- reviewing a sample of relevant management information and documentation supporting the selected subject matter;
- undertaking analytical procedures over a sample of the selected performance indicators; and
- reviewing the selected subject matter to assess whether it has been prepared as described in the reporting criteria.

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Yours sincerely,

Liza Maimone
Managing Partner

PricewaterhouseCoopers
Melbourne

1 November 2020

Our Independence and Quality Control

We have complied with relevant ethical requirements related to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies the Auditing Standard on Quality Control ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance

This engagement is aimed at obtaining limited assurance for our conclusions. As a limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement.

Restriction on use

This report has been prepared in accordance with our engagement terms to assist Westpac in reporting its sustainable development performance. We do not accept or assume responsibility for the consequences of any reliance on this report for any other purpose or to any other person or organisation. Any reliance on this report by any third party is entirely at its own risk.

We consent to the inclusion of this report in the Westpac Group 2020 Sustainability Performance Report to assist Westpac's members in assessing whether the directors have discharged their responsibilities by commissioning an independent assurance report in connection with the selected subject matter.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

CONTACT INFORMATION



Westpac Group Sustainability

For any enquiries or if you have a human rights related concern, please email sustainability@westpac.com.au

To find out more about Westpac Group's sustainability approach, policies and performance, or sign up to our newsletter, please visit westpac.com.au/sustainability

Twitter [@westpacsustain](https://twitter.com/westpacsustain)



Westpac Group Head Office

275 Kent Street, Sydney NSW
2000 Australia
Tel: +61 2 9155 7713
International tel: +61 2 9155 7700
westpac.com.au/westpacgroup

Westpac Investor Relations

investorrelations@westpac.com.au
Tel: +61 2 8253 3143
westpac.com.au/investorcentre



This annual Sustainability Performance Report for the year ending 30 September 2020 forms part of Westpac Group's Reporting Suite for 2020.

The reporting suite also includes the Annual Report, which includes the full financial statements for the year, Directors' report, Remuneration report including executive remuneration, an integrated performance summary 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) and other detailed financial performance reports.



Westpac Group's 2020 Reporting Suite

Our annual reporting suite brings together the Group's financial, non-financial, risk and sustainability performance for the year. As well as the Sustainability Performance Report, it includes our Annual Report, FY20 Financial Results Announcement, FY20 Investor Discussion Pack, Pillar 3 Report, and our Corporate Governance Statement. Access the full suite online at westpac.com.au/2020annualreport



westpac.com.au