



## ***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 limited assurance subject matter (described in Table 2 below) has not been prepared, in all material respects, in accordance with the reporting criteria. In addition, in our opinion the reasonable assurance subject matter (described in Table 1 below) has been prepared, in all material respects, in accordance with the reporting criteria.

These conclusions are to be read in the context of what we say in the remainder of our report, including the ‘Inherent limitations with the Subject Matter Information’ section below.

### ***What we did***

Westpac Banking Corporation (‘Westpac’) engaged us to perform a combination of reasonable and limited assurance on the preparation of selected subject matter within its 2022 Annual Report, 2022 Sustainability Supplement and 2022 Sustainability Index and Datasheet (together, the ‘Annual Reporting Suite’), as set out within this report.

### ***Reporting criteria***

The selected subject matter has been assessed against the following criteria (the ‘reporting criteria’) where applicable:

- Westpac’s own definitions contained in the Glossary section of its *2022 Sustainability Index and Datasheet*, which will be presented <https://www.westpac.com.au/about-westpac/investor-centre/financial-information/annual-reports/> as at 7 November 2022;
- Westpac’s *Net-zero 2030 Targets and Financed Emissions, Our methodology and approach Version 2 – November 2022*, which will be presented at <https://www.westpac.com.au/about-westpac/investor-centre/financial-information/annual-reports/> as at 7 November 2022;
- the UNEP FI Principles for Responsible Banking, the *Principles for Responsible Banking: Guidance Document (Updated in November 2021)*, and the *Principles for Responsible Banking: Reporting and Self-Assessment Template (V2 – September 2022)* (together, the UN PRBs);
- the SASB Standards issued by the Sustainability Accounting Standards Board (the ‘SASB Standards’); and
- the Global Reporting Initiative 2021 GRI Universal Standards (the ‘GRI Universal Standards’).



*Selected subject matter*

<b>Table 1 Reasonable assurance subject matter</b>	
<b>2022 Annual Report – Group Performance: Sustainability (Non-Financial Summary)</b>	
2022: Change in customer complaints from prior year (%) - Australia	13.4
2022: Change in customer complaints from prior year (%) - New Zealand	(21.5)
2022: Whistleblower reporting – number of new concerns	188
2022: Women in leadership (%)	50
2022: Total Scope 1 and 2 emissions – (tonnes CO <sub>2</sub> -e)	44,031
2022: Total Scope 3 supply chain (non-financed) emissions – (tonnes CO <sub>2</sub> -e)	63,377
2022: Community investment excluding commercial sponsorships (\$)	135,807,262
2022: Spend with Indigenous Australian suppliers (\$m)	8.8
<b>2022 Annual Report – Strategic Review: Community</b>	
2022: Spend with diverse suppliers (\$m)	20.7

<b>Table 2 Limited assurance subject matter</b>	
<b>2022 Annual Report – Strategic Review: Climate Change</b>	
Sector targets in lined with our NZBA commitment (FY21 Baseline):	
<ul style="list-style-type: none"> <li>Extractives - Upstream oil and gas: absolute financed emissions (MtCO<sub>2</sub>-e)</li> </ul>	7.5
<ul style="list-style-type: none"> <li>Extractives – Thermal coal mining: lending exposure (TCE as at 30 September 2021) (\$m)</li> </ul>	216.7
<ul style="list-style-type: none"> <li>Power Generation: emissions intensity (tCO<sub>2</sub>-e/MWh)</li> </ul>	0.26
<ul style="list-style-type: none"> <li>Industrials – Cement Production: emissions intensity (tCO<sub>2</sub>-e/tonne cement)</li> </ul>	0.66

<b>Table 2 Limited assurance subject matter (continued)</b>	
<b>2022 Annual Report – Strategic Review: Climate Change</b>	
Estimated financed emissions of our (Westpac’s) lending portfolio (Group – Australia and New Zealand) FY22 – Total:	
• % of total in-scope exposure	100
• Scope 1 and 2 (MtCO <sub>2</sub> -e)	24.7
• Scope 3 (MtCO <sub>2</sub> -e)	16.1
• % of total absolute emissions	100
• Weighted average data quality score (Scope 1 & 2)	4.3
• FY22 total emissions <sup>1</sup> intensity for in-scope exposure (kgCO <sub>2</sub> -e/\$)	0.052
Estimated financed emissions of our (Westpac’s) lending portfolio (Group – Australia and New Zealand) FY21 (rebaseline) – Total	
• FY21 total emissions <sup>1</sup> intensity for in-scope exposure (kgCO <sub>2</sub> -e/\$)	0.056
<b>2022 Annual Report – Group Performance: Sustainability (Non-Financial Summary)</b>	
• 2022: Attrition (%)	19.2
<b>2022 Sustainability Supplement – Sustainability at Westpac</b>	
• FY22 Result: Number of customers provided with natural disaster relief packages	1,633
• FY22 Result: New lending to climate change solutions in FY22 (\$m)	1,969
<b>2022 Sustainability Supplement – Advancing reconciliation</b>	
• 2022: Indigenous tertiary student internships provided	43
• 2022: Indigenous school-based and full-time traineeships provided	72

<sup>1</sup> Scope 1, 2 & 3 greenhouse gas emissions

<b>Table 2 Limited assurance subject matter (continued)</b>	
<b>2022 Sustainability Index and Datasheet</b>	
Employees	
<ul style="list-style-type: none"> <li>• 2022: Percentage of basic salary - female to male (%)</li> </ul>	
○ Administrator	111
○ Senior Administrator	101
○ Professional/Analyst	95
○ Senior Professional/Analyst	97
○ Manager	97
○ Senior Manager/Executive Manager	99
○ Head of	99
○ Group Head of	93
○ General Manager	98
○ Group Executive	74
<ul style="list-style-type: none"> <li>• 2022: Training compliance completion rates</li> </ul>	
○ Serving Indigenous Australians with respect and empathy elearning (%)	24
<ul style="list-style-type: none"> <li>• 2022: Code of conduct</li> </ul>	
○ Alleged breaches of code of conduct (number of breaches)	1,176
▪ Substantiated	1,026
▪ Termination	92
▪ Resignation	66



<b>Table 2 Limited assurance subject matter (continued)</b>	
<b>2022 Sustainability Index and Datasheet (continued)</b>	
Customers	
<ul style="list-style-type: none"> <li>• Customer complaints</li> </ul>	
<ul style="list-style-type: none"> <li>○ 2022: Complaints resolved within 5 days (%) - Australia</li> </ul>	72
Lending and Investment	
<ul style="list-style-type: none"> <li>• 2022: Climate change solutions – Australia and New Zealand</li> </ul>	
<ul style="list-style-type: none"> <li>○ Total attributable financing (\$m)</li> </ul>	10,808
<ul style="list-style-type: none"> <li>○ Distribution by taxonomy (%)</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Green buildings</li> </ul>	50.6
<ul style="list-style-type: none"> <li>▪ Renewable energy projects</li> </ul>	34.0
<ul style="list-style-type: none"> <li>▪ Low carbon transport</li> </ul>	7.3
<ul style="list-style-type: none"> <li>▪ Adaptation infrastructure</li> </ul>	1.8
<ul style="list-style-type: none"> <li>▪ Forestry</li> </ul>	3.2
<ul style="list-style-type: none"> <li>▪ Waste</li> </ul>	2.1
<ul style="list-style-type: none"> <li>▪ Low carbon infrastructure</li> </ul>	0.0
<ul style="list-style-type: none"> <li>▪ Energy efficiency</li> </ul>	0.0
<ul style="list-style-type: none"> <li>▪ Green businesses</li> </ul>	0.0
<ul style="list-style-type: none"> <li>▪ Water</li> </ul>	0.6
<ul style="list-style-type: none"> <li>▪ Land remediation</li> </ul>	0.2
<ul style="list-style-type: none"> <li>▪ Other</li> </ul>	0.0

<b>Table 2 Limited assurance subject matter (continued)</b>	
<b>2022 Sustainability Index and Datasheet (continued)</b>	
Lending and Investment (continued)	
<ul style="list-style-type: none"> <li>• 2022: Electricity generation – Australia and New Zealand</li> </ul>	
<ul style="list-style-type: none"> <li>○ Total attributable financing (\$m)</li> </ul>	4,147
<ul style="list-style-type: none"> <li>○ Distribution by fuel type (%)</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Renewable</li> </ul>	80.1
<ul style="list-style-type: none"> <li>▪ Other renewables</li> </ul>	56.6
<ul style="list-style-type: none"> <li>▪ Hydro</li> </ul>	23.5
<ul style="list-style-type: none"> <li>▪ Gas</li> </ul>	13.0
<ul style="list-style-type: none"> <li>▪ Black coal</li> </ul>	4.5
<ul style="list-style-type: none"> <li>▪ Brown coal</li> </ul>	1.1
<ul style="list-style-type: none"> <li>▪ Liquid fuel</li> </ul>	1.3
<ul style="list-style-type: none"> <li>• 2022: Mining</li> </ul>	
<ul style="list-style-type: none"> <li>○ Mining as a % of Group’s TCE</li> </ul>	0.66
<ul style="list-style-type: none"> <li>○ Distribution by customer primary commodity (%):</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Oil and gas extraction</li> </ul>	33
<ul style="list-style-type: none"> <li>▪ Other metal ore mining</li> </ul>	32
<ul style="list-style-type: none"> <li>▪ Mining services</li> </ul>	13
<ul style="list-style-type: none"> <li>▪ Coal mining</li> </ul>	4
<ul style="list-style-type: none"> <li>• Thermal (%)</li> </ul>	42
<ul style="list-style-type: none"> <li>• Metallurgical (including from diversified miners)(%)</li> </ul>	58
<ul style="list-style-type: none"> <li>▪ Iron ore mining</li> </ul>	12
<ul style="list-style-type: none"> <li>▪ Other</li> </ul>	6

<b>Table 2 Limited assurance subject matter (continued)</b>	
<b>2022 Sustainability Index and Datasheet (continued)</b>	
Suppliers	
<ul style="list-style-type: none"> <li>2022: Top 100 suppliers by spend assessed under the Westpac Responsible Sourcing Program (%)</li> </ul>	100
<ul style="list-style-type: none"> <li>2022: Spend in high-risk categories for modern slavery assessed under the Westpac Responsible Sourcing Program (%)</li> </ul>	93
Environmental	
<ul style="list-style-type: none"> <li>2022: Total Energy Consumption (GJ)</li> </ul>	507,213
<ul style="list-style-type: none"> <li>2022: Total Water consumption Australia (kL)</li> </ul>	201,726
<ul style="list-style-type: none"> <li>2022: Total paper consumption (tonnes)</li> </ul>	1,689
<ul style="list-style-type: none"> <li>2022: Total waste to landfill (tonnes)</li> </ul>	649
<ul style="list-style-type: none"> <li>2022: Total waste diversion from landfill (tonnes)</li> </ul>	1,946
Westpac's assertion that its sustainability reporting within the Annual Reporting Suite has been prepared in accordance with the GRI Universal Standards.	
Westpac's assertion that its sustainability reporting within the Annual Reporting Suite has been prepared in accordance with the SASB Standards	
Westpac's self-assessments/assertions of its fulfilment of its commitments as a signatory of the UNEP FI Principles for Responsible Banking for the following areas: 2.1 Impact Analysis; 2.2 Target Setting; 2.3 Target Implementation and Monitoring; and 5.1 Governance Structure for Implementation of the Principles.	

The selected subject matter did not include:

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



### *Responsibilities*

#### *PwC*

Our responsibility is to express conclusions 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 following Australian Standards on Assurance Engagements:

- Standard on Assurance Engagements (ASAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (Revised);
- Standard on Assurance Engagements ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*; and
- Other relevant assurance standards, as issued by the Auditing and Assurance Standards Board.

These standards require 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 GRI Universal Standards requirements;
- reviewing the Annual Reporting Suite to assess whether it meets the disclosure requirements of the GRI Universal Standards and the SASB Standards;
- 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;





- 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 and assessing the design of 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 on a sample basis;
- conducting walkthrough and enquiry procedures with management of the impact analysis process undertaken in fulfilling its commitments as a signatory of the UN PRBs and the outcomes of this analysis;
- reviewing a sample of working papers and supporting information prepared by management detailing the impact analysis, target setting, implementation and monitoring and the governance structures in place in relation to Westpac's implementation of the UN PRBs;
- 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;
- assessing the appropriateness of a sample of estimates and assumptions applied by management;
- 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.

For the Reasonable assurance subject matter, in addition to those detailed above, assurance procedures undertaken included:

- Use of larger sample sizes for substantive tests undertaken on a sample basis; and
- Testing the operating effectiveness of controls relied upon for assurance purposes.



### ***Reasonable assurance***

Aspects of this engagement were designed to provide a reasonable assurance conclusion, as set out in Table 1 above.

A reasonable assurance engagement is one designed to obtain evidence that the subject matter is prepared in accordance with the relevant criteria. The procedures selected to obtain this evidence depend on the practitioner's judgement, as does the assessment of whether any non-compliance is material.

### ***Limited assurance***

Aspects of this engagement were designed to obtain a meaningful level of comfort for our limited assurance conclusion, as set out in Table 2 above.

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.

### ***Inherent limitations in relation to assurance engagements***

There are inherent limitations in performing assurance - for example, assurance engagements are based on selective testing of the information being examined.

An assurance engagement is not designed to detect all instances of fraud, error or non-compliance with the reporting criteria - it is possible that fraud, error or non-compliance with the reporting criteria may occur and not be detected because such an engagement is not performed continuously throughout the period being examined, and because the procedures performed are undertaken on a test basis.

The conclusions expressed in this report has been formed on the above basis.

### ***Inherent limitations with the Subject Matter Information***

It is important to read this report in the context of the Annual Reporting Suite and the methodologies set out within the reporting criteria.

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. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities over time.



We specifically note that Westpac has used estimates, assumptions or extrapolated information in the calculation of both the estimated financed emissions of its lending portfolio and the targets for key sectors – 2021 baselines.

It is acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability and quality of greenhouse gas emissions and financial data from third parties, resulting in the extensive use of sectoral data as proxy data.

This limitation has resulted in the Partnership for Carbon Accounting Financials (“PCAF”) establishing a data quality score to assist in understanding the source of data which is incorporated into Westpac’s *Net-zero 2030 Targets and Financed Emissions, Our methodology and approach Version 2 – November 2022*.

This methodology and approach document confirms the quality of the data Westpac has used in the calculation of both its financed emissions information and the baselines for its 2030 sector targets varies across its lending portfolio reflecting sector or asset-specific data limitations.

It is anticipated that the principles and methodologies used to measure and report the Subject Matter will develop over time and may be subject to change in line with market practice and regulation, impacting comparability year-on-year.

The conclusions expressed in this report has been formed on the above basis.

### ***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.

### ***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.



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, we consent to the inclusion of this report on the corporate website of Westpac.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Liza'.

Liza Maimone  
Managing Partner  
6 November 2022

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers  
Melbourne