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### To accompany Westpac Group's Communication on Progress on the UN Global Compact

This Communication on Progress (COP) shows how Westpac continued to implement the UN Global Compact Principles during 2016 and reflects our continued support for the Compact. This year the key elements of our COP are included across our reporting suite, most notably in the [2016 Annual Review and Sustainability Report and 2016 Sustainability Performance Report](#).

As in previous years, these reports together with the Group's underlying policies, systems and processes have been prepared and independently assessed against the AA1000 Assurance Standard (2008). Our reporting remains guided by Global Reporting Initiative G4 Reporting Framework, including the Financial Services Sector Supplement.

Highlights of our performance this year that support the principles included:

- Leadership roles held by women increased from 46% in 2015 to 48% in 2016
- Introduced additional gender diversity targets for our Board (30% women by end 2018) and General Managers (40% women by end 2017)
- Percentage of employees working flexibly increased from 63% in 2014 to 74% in 2016
- Employees who self-identify as Indigenous Australian increased to more than 4%, which is greater than the proportion in the broader Australian population
- Introduced new parental lending procedure to recognise customers paid parental leave and return to work income in their home lending borrowing capacity
- Raised \$500 million through Westpac Climate Bond issue
- Increased the proportion of renewable energy financing from 45% to 59% in total electricity generation portfolio, since 2011
- Delivered the first Green Star rated bank branch, achieving the highest possible rating of Six Stars
- Undertook scenario analysis to understand the longer term impacts of limiting global warming to below two degrees Celsius above pre-industrial levels
- Total committed exposure of \$6.2 billion to the CleanTech and environmental services sector
- Continued disclosure of the carbon intensity of 42 investment options across our retail and corporate superannuation products
- Increased lending to the social and housing sector to \$1.05 billion
- Announced a further \$2.25 million in funding to help establish or expand new businesses with microfinance
- Achieved 100 years of time shared by employees on secondment in Indigenous Australian community organisations

Frameworks, policies, positions, and procedures introduced or significantly updated during the year that allows us to drive further progress against the principles included:

- Publicly confirming our support for the Sustainable Development Goals (SDGs) through a [CEO Statement of Support](#) coordinated by the UNGC Network Australia, and identified our priority SDGs – those SDGs that we can most directly influence through our business model.
- The release of two new reports through our membership of the Australian Business Roundtable for Disaster Resilience & Safer Communities. The reports included the first economic analysis of the social impact of natural disasters.

- The release of our new Supplier Inclusion & Diversity Policy which formalises our aspiration to increase the proportion of products and services we buy from businesses that are driven by a social or environmental mission, or that support people from minority or underrepresented backgrounds. The new policy recognises the substantial opportunities available through Westpac's supply chain to drive positive social change. This includes Indigenous Australian owned businesses; businesses owned by women; social enterprises; B Corporations; and other diverse supplier groups such as Australian Disability Enterprises.
- The release of the BTFG Responsible Investment Position Statement. This position statement articulates BTFG's approach to responsible investing and provides a framework for understanding and managing environmental, social and corporate governance (ESG) impacts, risks and opportunities across the portfolios within BTFG.
- Publishing an updated position statement, Financing a Sustainable Energy System, which reaffirms the Bank's commitment to support an economy, through its financing activities in the energy system, in a manner consistent with limiting global warming to less than two degrees above pre-industrial levels. This updated position statement outlines the approach taken by Westpac in relation to providing finance and banking services to businesses operating in the energy system, including production, processing and transportation of fossil fuels and all forms of power generation, transmission and distribution. These updates bring the statement into line with Westpac's overarching Climate Change and Environment Position Statement, released in September 2014, in which Westpac was the first Australian bank to publicly commit to prepare for a 'Two Degree Economy'. It also confirms the Group's intention to actively reduce the emissions intensity of its exposure in the power generation sector over time and target involvement in transactions which support the development of the most efficient power generation solutions.

Further detail on our Sustainability Strategy and progress against our targets can be found in the sustainability section of our report.

We remain active within the Global Compact Network Australia and continually look for ways to collaborate towards more sustainable outcomes with the business community, government and civil society. As we refresh our Sustainability Strategy in 2017, we will refine our approach to the SDGs, and identify opportunities to further lift our contribution to the SDGs in partnership with other organisations.

For further information in relation to this assessment, please email [sustainability@westpac.com.au](mailto:sustainability@westpac.com.au)

Yours sincerely,



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