Westpac Banking Corporation - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Our business comprises three key customer-facing divisions which operate a unique portfolio of brands including Westpac, St.George, Bank of Melbourne, BankSA, BT and RAMS. Through these brands we serve over 13 million customers.

The Group's customer-facing divisions are:

Consumer & Business – responsible for sales and service to consumer customers in Australia under the Westpac, St.George, Bank of Melbourne, BankSA, BT and RAMS brands. In addition, responsible for sales and service to micro, small-to-medium enterprises, commercial business and Private Wealth clients in Australia under the Westpac, St.George, Bank of Melbourne, BankSA, BT brands and Capital Finance. The division also provides specialist services for cash flow finance, trade finance, automotive and equipment finance, property finance, treasury and auto finance loans.

Westpac Institutional Bank (WIB) – delivers a broad range of financial products and services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. Customers are supported through branches and subsidiaries located in Australia, New Zealand, Asia, the United States and the United Kingdom. WIB is also responsible for the Group's Pacific Banking operations providing a full range of banking services in Fiji and Papua New Guinea.

Westpac New Zealand – responsible for sales and service of banking, wealth, and insurance products for consumer, business and institutional customers in New Zealand, operating under the Westpac New Zealand, Westpac Life and BT Funds Management (NZ) brands.

Other Group divisions include:

Treasury – responsible for the management of the Group's balance sheet including interest rate risk, funding and capital.

Core Support – comprises functions performed centrally, including Australian banking operations, technology, property services, strategy, finance, risk, legal, secretariat, financial crime, compliance & conduct, customer solutions, remediation, corporate relations, and human resources.

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. 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. This includes how we provide financial services, support communities, operate our facilities, engage on matters of policy, and contribute to industry initiatives. For further information on the Group see http://www.westpac.com.au/about-westpac/.

Westpac reports on climate change matters in several ways, including through our Annual Reporting suite and as part of our annual and half-year results, as well as through the release of documents such as our Climate Change Position Statement and 2023 Action Plan. These materials are available on Westpac's website and should be consulted as the primary source of information, see https://www.westpac.com.au/about-westpac/investor-centre/annual-report/.

At 30 September 2020, our market capitalisation was $61 billion (based on the closing share price of our ordinary shares on the ASX as at 30 September 2020) and we had total assets of $912 billion. Westpac has 671,057 shareholders, 14.1 million customers and 40,225 employees as at 30 September 2020.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	July 1 2019	June 30 2020	Yes	3 years

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Australia
Fiji
New Zealand
Papua New Guinea
United Kingdom of Great Britain and Northern Ireland

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

AUD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Bank lending (Bank)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Board has oversight of the Group's approach to and management of climate change, including the Group's Climate Change Position Statement and Action Plan (CCPS), and receives twice yearly updates. Our CCPS is approved by the Board every three years. The Group's fourth Climate Change Position Statement and 2023 Action Plan was approved by the Board in 2020. Westpac 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. The CCPS sets out the strategy on how we provide financial services, support communities, operate our facilities, engage on matters of policy, and contribute to industry initiatives to meet this commitment. The Board Risk Committee (BRC) is made up of six of the Westpac Group Board's non-executive directors. The BRC considers and approves Westpac's Sustainability Risk Management Framework (SRMF), which includes climate change risk, at least every two years. Quarterly updates to the BRC on climate change risk commenced from April 2021.
Other C-Suite Officer	Implementation and management of the Climate Action Plan is led by Group Executives. A newly-established Reputation and Sustainability Risk team has ownership of the Group's Sustainability Risk Management Framework and Reputation Risk Management Framework. To seek to ensure appropriate arrangements remain in place, work has commenced to review oversight arrangements in place of the Group Sustainability Council. The Climate Change Financial Risk Committee focuses on work to identify and manage climate-related financial risks, including the potential impact on credit exposures from climate change-related transition and physical risks. The Committee is a sub-committee of the Group Credit Risk Committee. During FY20 the Climate Change Financial Risk Committee was chaired by the Group Chief Credit Officer.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities	Strategy: 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. Westpac continues to integrate the consideration of climate-related risks and opportunities into business operations. This includes through supporting the recommendations of the TCFD, which the Group has disclosed in line with since 2018. Major plans of action: The Group's fourth Climate Change Position Statement & 2023 (CCPS) Action Plan was supported by the Group Executive Team and approved by the Board in 2020. 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, recognising that our financing activity must align with activities that support efforts to keeping a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels & to pursue efforts to limit the temperature increase to 1.5 degrees Celsius. Through our CCPS, Westpac sets 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. The CCPS sets out our actions to provide our business customers with a range of innovative sustainable finance structures. Risk management policies: Climate change considerations are embedded in a number of risk management frameworks. Our Board-approved Group Sustainability Risk Management Framework (SRMF) guides the identification, management & monitoring of risks, including climate change. Setting and monitoring performance objectives: We seek to understand the potential for climate-related transition, physical and litigation risks to impact our business, including the possible impact on credit risk, regulatory and reporting obligations, and our reputation. Climate change is included in the Group Risk Taxonomy under the credit risk, and reputational & sustainability risk categories. The Board Risk Committee (BRC) considers and approves Westpac's SRMF, which includes climate change risk. Quarterly updates to the BRC on climate change risk commenced in April 2021. During FY20, 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; & noted a summary of developments in climate change as part of its six-monthly sustainability strategy update. Goals and targets: Westpac's 2023 Climate Change Action Plan sets out goals and targets for climate-related issues. Progress is reported to and discussed with the Executive Team and Westpac Board twice yearly.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Reports to the board directly	Other, please specify (assessing climate-related risks and opportunities; oversight of the Group's operational footprint and implementation of the Group Climate Change Position Statement and Action Plan)	Risks and opportunities related to our bank lending activities Risks and opportunities related to our own operations	Half-yearly
Chief Risks Officer (CRO)	CEO reporting line	Other, please specify (assessing and managing climate-related risks)	Risks and opportunities related to our bank lending activities	Half-yearly
Other committee, please specify (Climate Change Financial Risk Committee)	Other, please specify (Group Credit Risk Committee, which reports to Group Executive Risk Committee, chaired by the CRO)	Other, please specify (Assessing climate risk)	Risks and opportunities related to our bank lending activities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Group's fourth Climate Change Position Statement and 2023 Action Plan (CCPS) was supported by the Group Executive Team and approved by the Board in 2020. It covers the management of Westpac's direct carbon footprint, criteria to manage the carbon impact of lending to emissions intensive sectors, measuring and reporting of performance, and the incorporation of climate change considerations into the Group's risk management framework.

Implementation and management of the Climate Action Plan is led by Group Executives. Key responsibilities of the Group Executives include: overseeing targets that are aiming to provide new lending to climate change solutions of $3.5bn by 2023 and $15bn by 2030; risk management and monitoring to support businesses that manage their climate-related risks; product development to help individual customers respond to climate change; continued commitment to improve disclosure of our climate change performance, and support for policies that stimulate investment in climate change solutions. 'New lending' to climate change solutions is incremental and does not include refinancing. Targets will be reviewed at least every three years to reflect changes in technology, policy, climate science and investment assumptions and as our approach evolves. Our climate change solutions definition can be found in the glossary of our Sustainability Performance Report.

The Group's Sustainability Risk Management Framework sets out the approach to how climate change risks are identified, assessed, monitored and managed. Decisions involving climate change-related risks may be escalated to Divisional and Group Risk Officers and the CEO under the Framework.

In FY20, we updated our Climate Change Financial Risk Committee (CCFRC) Terms of Reference to improve oversight of climate-related financial risks. The Climate Change Financial Risk Committee focuses on work to identify and manage, for example, the potential impact on credit exposures from climate-related transition and physical risks across the Group. The Committee is a sub-committee of 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 2020.

In FY20, to enhance oversight of climate change we: aligned the Climate Change Financial Risk Committee to be a subcommittee 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

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Incentives are provided to Group Executives and senior leaders for the management of risk, including climate change. Non-monetary incentives are also provided to all employees through community and environment awards.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Management group	Monetary reward	Emissions reduction target Energy reduction target Supply chain engagement Portfolio/fund alignment to climate-related objectives Other (please specify) (Westpac Climate Change Action Plan)	The extent of relevant managers' financial remuneration, including members of working committees, is dependent on the management of climate change matters, including the attainment of targets. The management of climate change includes the identification, prioritisation and response to those issues, through our Climate Change Position Statement (Statement) and the attainment of targets included in both our Sustainability Strategy and the Statement.
All employees	Non-monetary reward	Behavior change related indicator	The CEO Community and Environment Awards recognise both an individual employee and a team which have demonstrated outstanding support for their community, or the environment, including through one or more not-for-profit organisations. This includes causes which relate to climate change. The winners of our Community and Environment Awards are people who have gone beyond what is expected and have made a sustained contribution to one or more not-for-profit organisations, giving generously their time, capabilities, and commitment.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	Yes, as the default investment option for all plans offered	Westpac's investment management arm, BT, incorporates its Sustainable Investment Policy into all internally developed and managed investment options issued or managed by BT entities and Westpac Financial Services Limited. In Australia, employers are required to pay 9.5% (10% from July 1 2021) of an employee's salary into a Superannuation (super) fund., The default options offered to Westpac Group Staff are the MySuper Lifestage funds, which are managed by BT. BT's Sustainable Investment Policy, which applies across the MySuper Lifestage Funds considers ESG factors, including climate change, in the investment process to help drive better financial outcomes and positively influence risk-adjusted returns. BT provides its members & investors with annual disclosure of its approach to assessing climate-related risk within the MySuper Lifestage Funds, as well as tools to enable those who invest with BT to understand where ESG risks, including climate change, lie within their investment portfolios. Links: • BT Sustainable Investment Policy https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/bt-sustainable-investment-policy.pdf • BT Climate-related disclosures https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BT-climate-related-disclosures.pdf

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Our Climate Change Position Statement & 2023 Action Plan and 2021-2023 Sustainability Strategy set climate-related targets for short (2023), medium (2030) and long-term horizons (2050). These intervals are also used in our scenario analysis. Short term targets include: - lending to climate change solutions: $3.5bn by 2023 - limit lending to thermal coal mining based on stringent quality criteria – Developing Paris-aligned financing strategies and portfolio targets for sectors representing the majority of our financed emissions – Providing access to products and services that can help customers reduce energy consumption and improve the resilience of their homes - Supporting customers to get back on their feet after a natural disaster by providing hardship assistance, relief packages or community grants.
Medium-term	3	10	Our Climate Change Position Statement & 2023 Action Plan and 2021-2023 Sustainability Strategy set climate-related targets for short (2023), medium (2030) and long-term horizons (2050). These intervals are also used in our scenario analysis. Medium term targets include: -Providing $15 billion of new lending to climate change solutions by 2030. 'New lending' is incremental and does not include refinancing.; - managing our thermal coal portfolio in line with a commitment to reduce our exposure to zero by 2030; reducing the emissions intensity of our electricity generation exposure to 0.23t CO2e/MWh by 2025; and 0.18t CO2e/MWh by 2030; - reducing Scope 1 and 2 Greenhouse Gas 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.; - Sourcing the equivalent of 100% of our global electricity consumption through renewable sources by 2025.
Long-term	10	30	Our Climate Change Position Statement & 2023 Action Plan and 2021-2023 Sustainability Strategy set climate-related targets for short (2023), medium (2030) and long-term horizons (2050). These intervals are also used in our scenario analysis. Long term strategies include: - supporting the goals of the Paris Agreement, including the goal of reaching net zero global emissions by 2050; - Support policy outcomes aligned to net zero emissions by 2050; - recognising that our financing activity must align with activities that support efforts to keeping a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The Group has identified a number of risk types and classified these under 11 major risk categories. It is important to note that the major risk categories do not represent every risk the Group may face but rather the most material risks of the Group. Climate change is included in this Group Risk Taxonomy under the credit risk and reputational & sustainability Level 1 risk categories.

Credit risk is the risk of financial loss where a customer or counterparty fails to meet their financial obligations to Westpac.

Sustainability risk is the risk of loss or negative impact from the failure to recognise or address environmental, social or governance (ESG) issues, including climate change. An area of focus includes released updates to our Climate Action Plan and commitments to improve risk identification, management, oversight and reporting.

Our Climate Action Plan describes Westpac's climate change strategy. The strategy is underpinned by principles which recognise that climate-related risk is a financial risk.

We identify a range of current and emerging risks and opportunities that may impact our stakeholders and business. To determine the most material of these we undertake stakeholder engagement, data analysis, and consultation with senior management and our external Stakeholder Advisory Council. The Group has conducted preliminary analysis of its lending portfolios to understand the profile of its scope 3 financed emissions. This analysis used publicly available average emissions factors for Australian homes and generic emissions factors for industry sectors. The results of the analysis showed that the material customer sectors are utilities, mining, agribusiness, property, residential mortgages, manufacturing and transport.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
An Environment Management Committee chaired by the Chief Property Officer is held quarterly to set and track strategies and initiatives to reduce the Group's direct environmental footprint, particularly targets around energy and emissions.

Value chain stage(s) covered
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
The Board has oversight of Westpac Group's response to climate change. The Group's fourth Climate Change Position Statement and 2023 Action Plan (CCPS) was supported by the Executive Team and approved by the Board in 2020. Through our CCPS, 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 and work to integrate them in the criteria set out in the CCPS 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. In FY20 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 Climate Change Position Statement and 2023 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.

Value chain stage(s) covered
Direct operations

Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Westpac's Sustainability Risk Management Framework sets out our approach to managing sustainability risk. It is an integral part of Westpac's Risk Management Strategy and is supported by a number of key Group-wide and divisional policies and procedures including sensitive sector Position Statements, such as agribusiness, defence and tobacco. Sustainability risk management is relevant across the Group, including in relation to our: • Lending and investment decisions • Supply chain management • Operations • Employees The Framework is supported by the other risk class specific frameworks which outline our risk management requirements including the risk governance relationship between the Board, Board Committees and senior management and key policies for managing risk.

Value chain stage(s) covered
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
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 Climate Action Plan which outlines a range of commitments to help customers and communities respond to climate change. We continue to assess: — the resilience of our Australian Business and Institutional lending to transition risks using 1.5 and 2-degrees scenarios; and — the potential impact of climate-related physical risks on the Australian mortgage portfolio arising from global warming scenarios of 4-degrees. In FY20, we built on this work by analysing the credit characteristics of lending in these areas, and reported on this in our annual Sustainability Performance Report.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The National Greenhouse and Energy Reporting Act 2007 (Cth) (National Greenhouse Act) came into effect in July 2008. The Group reports on greenhouse gas emissions, energy consumption and production under the National Greenhouse Act and associated legislative instruments, for the period 1 July through 30 June each year. Our operations are not directly subject to any other significant environmental regulation under any law of the Commonwealth of Australia or of any State or Territory of Australia. We may, however, become subject to environmental regulation as a result of our lending activities in the ordinary course of business and we have policies in place that aim to ensure that this potential risk is addressed as part of our normal processes. Climate change-related risks are managed within the Group's sustainability, and wider risk management frameworks. As a public supporter of the voluntary recommendations of the TCFD, Westpac will continue to align its approach to climate-related risks with the recommendations of this framework, and report on progress in its public reports (see our 2020 Annual Report and 2021 Interim Financial Results).
Emerging regulation	Relevant, always included	Westpac is exposed to risk arising from initiatives and trends associated with climate change mitigation (transition risks). Changes in supervisory expectations of banks, other regulatory changes and changes in investor appetite could directly impact Westpac, for example, by giving rise to higher compliance and/or funding costs. Westpac is also exposed to transition risk indirectly through its lending to higher risk sectors or regions. Technological developments, regulatory changes, stakeholder pressure and shifting customer preferences may place additional pressure on certain customer sectors to reduce greenhouse gas emissions, which could in turn result in additional credit risk, or loss of revenues due to changes in markets. During first half 2021, APRA commenced engagement with Westpac and other major Australian banks on its Climate Vulnerability Assessment. The Climate Vulnerability Assessment is expected to focus on stress testing material parts of Westpac's credit strategy, under two climate scenarios focussed on transition and physical risk. A qualitative assessment of operational, market and liquidity risk, and data quality is also expected. The ADIs are engaged with APRA, directly and via the ABA on the final design of the Climate Vulnerability Assessment and have commenced preparations to respond. We will continue to evolve our approach to climate change risk management as required to align with changes in legal and regulatory requirements. In April 2021, APRA released a draft Prudential Practice Guide - Draft CPG 229 Climate Change Financial Risks (CPG) which sets out guidance on better practice in management of climate change financial risks. The draft CPG focusses on identification, measurement, monitoring, management and reporting of climate-related risks, and the role of scenario analysis and is broadly aligned with the recommendations of the Taskforce on Climate-related Disclosures. We will review our current practices and future plans in light of the draft guidance, and provide feedback to APRA as part of its consultation process.
Technology	Relevant, always included	Initiatives to mitigate or respond to adverse impacts of climate change may impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect our business, prospects, reputation, financial performance or financial condition. Technology changes linked to climate change may directly impact our business, our customers and suppliers. For example, our transition risk scenario analysis has shown that sectors that are unable to decarbonise through the application of new technology show poorer growth prospects. The sectors that are most likely to be negatively impacted are those that have less ability to decarbonise and where low-emissions alternatives offer viable substitutes. In the longer term, the scenarios indicated that many of these sectors will be sensitive to the availability of cost-competitive carbon capture and storage (CCS) and alternative generation technologies. Climate change-related risks are managed within the Group's sustainability, and wider risk management framework. As a supporter of the TCFD, Westpac will continue to align its approach to climate-related risks with the recommendations of this framework, and report on progress in its public reports (see our 2020 Annual Report and 2021 Interim Financial Results).
Legal	Relevant, always included	We may be subject, from time to time, to legal and business challenges due to actions instituted by activist shareholders or others. Responding to such actions could be costly and time-consuming, and may create increased attention and disclosure associated with such matters. In addition, there could be heightened litigation risk due to varying shareholder expectations or additional disclosures or commitments made by Westpac to shareholders. Perceived uncertainties as to our future direction as a result of shareholder activism may lead to the perception of a change in the direction of the business or other instability. Further, any failure or perceived failure by Westpac to proactively manage and disclose climate change risks appropriately may in turn increase the risk of third party and shareholder litigation, or regulatory action against the Group (and/or its customers), with these types of climate-related actions becoming more common in Australia and globally. Further, we expect scrutiny from shareholders and regulators on the climate-related risk management practices and lending policies of banks and other financial institutions to remain high in Australia in coming years. As a supporter of the TCFD, Westpac will continue to align its approach to climate-related risks with the recommendations of the TCFD, and report on progress in its public reports (see our 2020 Annual Report and 2021 Interim Financial Results).
Market	Relevant, always included	Initiatives to mitigate or respond to adverse impacts of climate change may impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect our business, prospects, reputation, financial performance or financial condition. Climate-related market risks can directly impact our business, our customers and suppliers. Climate-related market risks are identified in our Climate Change Position Statement and 2023 Action Plan which also sets out specific criteria for lending to the thermal coal mining and electricity generation sectors. Climate change-related risks are managed within the Group's sustainability, and wider risk management frameworks. As a supporter of the TCFD, Westpac will continue to align its approach to climate-related risks with the recommendations of the TCFD, and report on progress in its public reports (see our 2020 Annual Report and 2021 Interim Financial Results).
Reputation	Relevant, always included	Reputation risk is the risk that an action, inaction, transaction, investment or event will reduce trust in Westpac's integrity and competence by clients, counterparties, investors, regulators, employees or the public. Reputation risk arises where there are differences between these stakeholders' current and emerging perceptions, beliefs and expectations relative to our current and planned activities, performance and behaviours. It can affect the Group's brands and businesses positively or negatively. Stakeholder perceptions can include (but are not limited to) views on financial performance, quality of products or services, quality of management, leadership and governance, history and heritage and our approach to sustainability, social responsibility and ethical behaviour. Initiatives to mitigate or respond to adverse impacts of climate change may impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these risks could adversely affect our reputation. Climate-related reputational risks can directly impact our business, our customers and suppliers. Climate-related reputational risks are identified in our Climate Change Position Statement and 2023 Action Plan. We have a Reputation Risk Framework and key supporting policies in place covering the way we manage reputation risk as one of our key risks across the Group, including the setting of risk appetite and roles and responsibilities for risk identification, measurement and management, monitoring and reporting.
Acute physical	Relevant, sometimes included	We, our customers & external suppliers, may be adversely affected by the physical risks of climate change, including increases in the frequency & severity of adverse climatic events including fires, storms, & floods. These effects may directly impact us & our customers through reputational damage, environmental factors, insurance risk, business disruption & an increase in defaults in credit exposures. As an example, this may cause disruption to business delivery & damage to Westpac's own property as well as that of our customers. In 2020, we conducted a physical risk assessment of the impacts of sea level rise on coastal flooding & erosion on the WNZL residential mortgage book. In 2021, we updated our approach to assessing the impact of extreme weather events under climate change scenarios on our Australian mortgage portfolio. The analysis: -Used a generalised model of how extreme weather and climate change may affect a number of physical risks to a 'Representative Property'(an archetype of a modern Australian home) under 4-degree scenario -Considered riverine flooding, coastal inundation, forest fires, extreme wind & soil subsidence -Computed physical risk for each year from 1990 to 2100, allowing us to identify the potential impacts of current & future extreme weather & climate change -Modelled a 'static' balance sheet with no population growth or movement, & did not consider the impact of adaption measures or management actions to mitigate risks -Identified locations that may be at higher risk and assessed the Group's current exposure to these locations. Westpac's exposure in the Australian mortgage portfolio to locations identified as likely to be exposed to higher physical risks under a RCP8.5 scenario is around 1.7% of the current portfolio, increasing to around 2.0% by 2050. Findings highlighted the importance of both climate mitigation & adaptation efforts, including government planning measures, & the benefits of climate-resilient building characteristics to reduce property damage & impacts on customers & communities. Along with our commitment to support efforts to keep global temperature rise to well below 2 degrees Celsius above pre-industrial levels, Westpac expects to continue to help individual customers respond to climate change & continue to support research & investment into helping communities adapt & become resilient to climate-related impacts.
Chronic physical	Relevant, sometimes included	We, our customers & external suppliers, may be adversely affected by the physical risks of climate change, including increases in temperatures, sea levels & droughts. These effects may directly impact us & our customers through reputational damage, environmental factors, insurance risk, business disruption & an increase in defaults in credit exposures. Continuation or acceleration of these trends, which is indicated under some climate scenarios, may create credit & portfolio risk from impacted customers & operational risk associated with direct impacts for example, through increase claims in our insurance business, increased losses due to customers experiencing financial stress as a result of disaster events as well as implications for operational & maintenance costs. In 2020,we conducted a physical risk assessment of the impacts of sea level rise on coastal flooding & erosion on the WNZL residential mortgage book. In 2021, we updated our approach to assessing the impact of extreme weather events under climate change scenarios on our Australian mortgage portfolio. The analysis: -Used a generalised model of how extreme weather & climate change may affect a number of physical risks to a 'Representative Property' (an archetype of a modern Australian home) under 4-degree scenario -Considered riverine flooding, coastal inundation, forest fires, extreme wind & soil subsidence -Computed physical risk for each year from 1990 to 2100, allowing us to identify the potential impacts of current & future extreme weather & climate change -Modelled a 'static' balance sheet with no population growth or movement, & did not consider the impact of adaption measures or management actions to mitigate risks -Identified locations that may be at higher risk & assessed the Group's current exposure to these locations. The analysis suggests that while climate change will drive an ongoing increase in annual average losses over time, Westpac's exposure in the Australian mortgage portfolio to locations identifies as likely to be exposed to higher physical risks under a RCP8.5 scenario is around 1.7% of the current portfolio, increasing to around 2.0% by 2050. Along with our broader commitment to a well below 2-degree economy, Westpac expects to continue to help individual customers respond to climate change & continue to support research & investment into helping communities adapt & become resilient to climate-related impacts.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	Westpac uses scenario analysis to guide its climate change strategy and to analyse the implications of material climate-related factors to its business. Westpac continues to assess the resilience of its Australian Business and Institutional lending to transition risks under 1.5 and 2-degrees scenarios. To assess the possible implications of climate-related physical risks, the Group studied the potential impact of natural perils on its Australian mortgage portfolio under a 4-degree scenario. Westpac assesses opportunities to support solutions and technology that accelerate the transition to a low carbon economy, aiming to provide $3.5 billion of new lending to climate change solutions by 2023, and $15 billion by 2030. Targets are currently for Institutional, Corporate and Commercial segments and informed by analysis of capital investment required for a "well below 2-degrees" outcome. 'New lending' is incremental and does not include refinancing. Targets will be reviewed at least every three years to reflect changes in technology, policy, climate science and investment assumptions and as our approach evolves. Our climate change solutions definition can be found in the glossary of our Sustainability Performance Report. We will continue to provide six-monthly updates on our Total Committed Exposure to climate change solutions. Our CCPS sets out our targets on climate opportunities. We review the CCPS every three years and seek to understand our stakeholders' perspectives on climate change. To do this we regularly: • Engage with customers, investors, industry bodies, non-government organisations and community representatives; • Conduct research and scenario analysis to remain informed and understand the latest climate change science; • Participate in industry-based forums with local and international peers; and • Benchmark ourselves against well-respected climate and sustainability indices and surveys.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	Majority of the portfolio	Qualitative and quantitative	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, recognising that our financing activity must align with activities that support efforts to keeping a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius. Climate change risks are managed within the Group's risk management framework. Westpac seeks to understand the potential for climate-related transition, physical and litigation risks to impact its business, in particular the possible impact on credit risk, regulatory and reporting obligations, and its reputation. Westpac uses transition and physical risk scenario analyses to inform an assessment of climate related risks over short, medium and long-term horizons. In 2020, the Group has also conducted a preliminary analysis of its Australian lending portfolios to understand the profile of its scope 3 financed emissions. The results of the analysis showed that the material customer sectors are utilities, mining, agribusiness, property, residential mortgages, manufacturing and transport. The findings from this analysis informed Westpac's current Climate Change Position Statement and 2023 Action Plan (CCPS). The portfolio coverage for the CCPS actions relating to business customers includes customers from our Institutional, Corporate and Commercial segments. The CCPS outlines enhanced lending standards for energy sectors including management of the thermal coal portfolio to reduce exposure to zero by 2030. The CCPS also specifies our action to develop Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions, working in collaboration with our customers and industry experts and providing annual updates on progress. For example, in the electricity generation sector, we will seek to ensure our financing supports Paris-aligned transition pathways to a net zero emissions economy by 2050 including by reducing the emissions intensity of our exposure in line with the following targets of 0.23t CO_2e/MWh by 2025; and 0.18t CO_2e/MWh by 2030. The CCPS also includes our action to support solutions and technology that accelerate the transition to a low carbon economy, aiming to provide $3.5 billion of new lending to climate change solutions by 2023, and $15 billion in the next 10 years to 2030. 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. In 2021, we completed an initial study of 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. Based on our initial findings we have updated our approach and internal ESG criteria by which climate-related risks and opportunities are assessed in the oil and gas sector (published in our 2021 Interim Financial Results, p52). Our updated approach means we will: •expect any new institutional oil and gas exploration, production and refining customers, to whom we provide lending, to have publicly disclosed Paris-aligned business goals; •continue to support existing customers (particularly via sustainable finance structures) to develop Paris-aligned financing strategies using our internal ESG criteria to guide our approach; and •continue to develop our approach and understanding of climate-related risk and opportunities in the oil and gas sector (including downstream segments) through engagement with our institutional customers. We updated our approach to assessing the impact of extreme weather events under climate change scenarios on our Australian mortgage portfolio. The analysis: -Used a generalised model of how extreme weather and climate change may affect a number of physical risks to a 'Representative Property' (an archetype of a modern Australian home) under 4-degree scenario; -Considered riverine flooding, coastal inundation, forest fires, extreme wind and soil subsidence; -Computed physical risk for each year from 1990 to 2100, allowing us to identify the potential impacts of current and future extreme weather and climate change; -Modelled a 'static' balance sheet with no population growth or movement, and did not consider the impact of adaption measures or management actions to mitigate risks; -Identified locations that may be at higher risk and assessed the Group's current exposure to these locations. Analysis suggests that while climate change will drive an ongoing increase in annual average losses over time, Westpac's exposure in the Australian mortgage portfolio to locations identified as likely to be exposed to higher physical risks under a RCP8.5 scenario is around 1.7% of the current portfolio, increasing to around 2.0% by 2050.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	This applies to our business, corporate and institutional portfolios. Westpac assess water-related risks and opportunities in line with the Sustainability Risk Management Framework (Framework) and relevant position statements. Westpac is committed to managing the environmental, social and governance ('ESG') dimensions of our finance and lending activities. In line with the Westpac Risk Management Strategy and set out in the Framework, this includes incorporating ESG, including water-related, risk analysis into the credit assessment and approval process for our business, corporate and institutional customers. The requirements for ESG risk analysis are outlined in Westpac's ESG Credit Risk Policy. The Framework is approved by the Board Risk Committee and is supported by a suite of key policies and position statements. These include Our Responsible Investment Position Statement. The Framework was reviewed and updated in 2020. Our Financing Agribusiness Position Statement outlines the principles which we apply when providing finance or considering the provision of finance to customers in this sector. This position statement states that we value customers that operate in ways that avoid or minimise environmental and social impacts; support the adoption of better management practices and technologies - particularly animal welfare, land and soil management, labour and community rights, biodiversity protection, emissions management and water use.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	This applies to our business, corporate and institutional portfolios. Westpac assess forests-related risks and opportunities in line with the Sustainability Risk Management Framework (Framework) and relevant position statements. Westpac is committed to managing the environmental, social and governance ('ESG') dimensions of our finance and lending activities. In line with the Westpac Risk Management Strategy and set out in the Framework, this includes incorporating ESG, including forest-related, risk analysis into the credit assessment and approval process for our business, corporate and institutional customers. The requirements for ESG risk analysis are outlined in Westpac's ESG Credit Risk Policy. The Framework is approved by the Board Risk Committee and is supported by a suite of key policies and position statements. These include our Responsible Investment Position Statement. The Framework was reviewed and updated in 2019. Our Financing Agribusiness Position Statement outlines the principles which we apply when providing finance or considering the provision of finance to customers in this sector. This position statement states that we seek to develop relationships with customers that: • Avoid adverse impacts on High Conservation Value forests and use High Carbon Stock Approach assessments where appropriate. • Avoid operations in UNESCO World Heritage Sites, Ramsar wetlands and critical natural habitats (unless the activity is legally permitted and consistent with management plans for the area). • Demonstrate commitment to best practice in the production of Timber, including that used for the production of pulp and paper products, where we require growers (forest managers) and processors to support the Forest Stewardship Council (FSC) or alternatively a national scheme endorsed under the Programme for the Endorsement of Forest Certification (PEFC); and demonstrate credible progress towards full certification within a satisfactory timeline. For downstream sectors, namely manufacturers, traders or retailers of timber products, we encourage procurement of certified inputs. Risks are assessed on a case by case basis. This statement is aligned with our commitment to the Soft Commodities Compact (SCC), New York Declaration on Forests
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	Westpac may request climate-related information from customers.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Market	Other, please specify (Transition risk)

Primary potential financial impact
Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
Initiatives to mitigate or respond to adverse impacts of climate change may impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect our business, prospects, reputation, financial performance or financial condition. In 2019, we completed scenario analysis to further understand transition risks in the Australian economy under 2-degree and 1.5-degree scenarios. We found the Australian economy continues to grow regardless of the scenario selected. The availability and viability of clean technologies are critical to achieving decarbonisation. Sectors with limited opportunities to decarbonise show poorer growth prospects. Westpac continues to assess the resilience of its Business and Institutional lending (excludes retail, sovereign, and bank exposures) to transition risks under 1.5 and 2- degrees scenarios. The results of the scenario analysis as at 31 March 2021 are: • Around 1.2% of our current Business and Institutional lending is exposed to sectors which by 2030 may experience higher risk in a transition to a 1.5-degree economy. • Around 0.7% of our current Business and Institutional lending is exposed to sectors which by 2030 may experience higher risk in a transition to a 2-degree economy. • Around 2.5% of current Australian Business and Institutional portfolio exposed to sectors which by 2050 may face relatively higher growth constraints under 1.5-degree scenario. • Around 2.0% of our current Business and Institutional lending is exposed to sectors which by 2050 may experience higher risk in a transition to a 2-degree economy. 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'.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation
The Group has in place a Board-approved Sustainability Risk Management Framework (Framework) that is supported by a suite of key policies and position statements. These include Responsible Investment Position Statement, Environmental, Social and Governance (ESG) Credit Risk Policy, Climate Change Position Statement and Action Plan, and Responsible Sourcing Code of Conduct, many of which are publicly available. The Sustainability Risk Management Framework was updated in 2020. Westpac uses scenario analysis to inform its assessment of climate-related risks over short, medium and long-term horizons. The findings from scenario analysis conducted in 2019 informed Westpac's current Climate Change Position Statement and 2023 Action Plan (CCPS) which outlined enhanced lending standards for energy

sectors including management of the thermal coal portfolio to reduce exposure to zero by 2030. These lending parameters have been included in our Group Risk Appetite Statement and, where appropriate, are applied at the portfolio, customer and transaction level.

Comment

The main costs associated with managing climate related risks are FTE resourcing to undertake engagement activities, strategy development, product development, changes to policy and underwriting standards, marketing, sponsorship, as well as obtaining external specialist advice and research and other related costs.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Initiatives to mitigate or respond to adverse impacts of climate change may impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect our business, prospects, reputation, financial performance or financial condition. Our scenario analysis examined the impact of a carbon price on the Australian economy ranging from USD20 to USD300 (AUD29- AUD435) over short, medium and long term horizons to identify higher risk sectors. 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'. As at 31 March 2021: • Around 1.2 % of our current Business and Institutional lending is exposed to sectors which by 2030 may experience higher risk in a transition to a 1.5-degree economy. • Around 0.7% of our current Business and Institutional lending is exposed to sectors which by 2030 may experience higher risk in a transition to a 2-degree economy. Around 2.5 % of our current Business and Institutional lending is exposed to sectors which by 2050 may experience higher risk in a transition to a 1.5-degree economy. • Around 2.0% of our current Business and Institutional lending is exposed to sectors which by 2050 may experience higher risk in a transition to a 2-degree economy.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation

The Group has in place a Board-approved Sustainability Risk Management Framework (Framework) that is supported by a suite of key policies and position statements. These include Responsible Investment Position Statement, Environmental, Social and Governance (ESG) Credit Risk Policy, Climate Change Position Statement and Action Plan, and Responsible Sourcing Code of Conduct, many of which are publicly available. The Sustainability Risk Management Framework was reviewed and updated in 2020. Westpac uses scenario analysis to inform its assessment of climate-related risks over short, medium and long-term horizons. The findings from scenario analysis conducted in 2019 informed Westpac's current CCPS which outlined enhanced lending standards for energy sectors.

Comment

The main costs associated with implementing this management approach are FTE resourcing to undertake engagement activities, strategy development, product development, changes to policy and underwriting standards, marketing, sponsorship and other related costs such as specialised consultants.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Acute physical	Other, please specify (Selected perils were inundation, soil contraction, floods, wind and cyclones, and bushfires)

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description
Our customers may be adversely affected by the physical risks of climate change, including increases in sea levels. These effects, whether acute or chronic in nature, may directly impact us and our customers through reputational damage, environmental factors, insurance risk & business disruption and may have an adverse impact on financial performance (including through an increase in defaults in credit exposures) In 2021, we updated our approach to assessing the impact of extreme weather events under climate change scenarios on our Australian mortgage portfolio. The analysis: -Used a generalised model of how extreme weather and climate change may affect a number of physical risks to a ‘Representative Property’ (an archetype of a modern Australian home) under 4-degree scenario; -Considered riverine flooding, coastal inundation, forest fires, extreme wind and soil subsidence -Computed physical risk for each year from 1990 to 2100,allowing us to identify the potential impacts of current & future extreme weather & climate change -Modelled a ‘static’ balance sheet with no population growth or movement, & did not consider the impact of adaption measures or management actions to mitigate risks -Identified locations that may be at higher risk & assessed the Group’s current exposure to these locations. Westpac’s exposure in the Australian mortgage portfolio to locations identified as likely to be exposed to higher physical risks under a RCP8.5 scenario is around 1.7% of the current portfolio, increasing to around 2.0% by 2050, as at 31 March 2021. 'Higher risk' were locations where insurance may become more expensive or unavailable. The findings highlighted the importance of both climate mitigation & adaptation efforts, including government planning measures, & the benefits of climate-resilient building characteristics to reduce property damage & impacts on customers & communities.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation
The Group has in place a Board-approved Sustainability Risk Management Framework (Framework) that is supported by a suite of key policies and position statements. These include Responsible Investment Position Statement, Environmental, Social and Governance (ESG) Credit Risk Policy, Climate Change Position Statement and Action Plan, and Responsible Sourcing Code of Conduct, many of which are publicly available. The Sustainability Risk Management Framework was reviewed and updated in 2020. Westpac uses scenario analysis to identify and assess climate-related risks over short, medium and long-term horizons. Along with our recognition that our financing activities must align with activities that support efforts to keeping a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius. We continue to advocate for more research and investment into helping communities adapt and become resilient to climate-related impacts.

Comment
Costs include FTE, efforts to understand manage impacts including research and participation in industry forums.

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Chronic physical	Other, please specify (selected perils were inundation, soil contraction, floods, wind and cyclones, and bushfires)

Primary potential financial impact
Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification
Credit risk

Company-specific description
We may be adversely affected by the physical risks of climate change, including increases in temperatures and severity of adverse climatic events including fires, storms, floods and droughts. These effects, whether acute or chronic in nature, may directly impact us and our customers through reputational damage, environmental factors, insurance risk and business disruption and may have an adverse impact on financial performance (including through an increase in defaults in credit exposures). In 2021, we updated our approach to assessing the impact of extreme weather events under climate change scenarios on our Australian mortgage portfolio. The analysis: - Used a generalised model of how extreme weather and climate change may affect a number of physical risks to a ‘Representative Property’ (an archetype of a modern Australian home) under 4-degree scenario; - Considered riverine flooding, coastal inundation, forest fires, extreme wind and soil subsidence; - Computed physical risk for each year from 1990 to 2100, allowing us to identify the potential impacts of current and future extreme weather and climate change; - Modelled a ‘static’ balance sheet with no population growth or movement, and did not consider the impact of adaption measures or management actions to mitigate risks; and - Identified locations that may be at higher risk and assessed the Group’s current exposure to these locations. The analysis suggests that Westpac’s exposure in the Australian mortgage portfolio to locations identified as likely to be exposed to higher physical risks under a RCP8.5 scenario is around 1.7% of the current portfolio, increasing to around 2.0% by 2050. 'Higher risk' were locations where insurance may become more expensive or unavailable.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation
The Group has in place a Board-approved Sustainability Risk Management Framework (Framework) that is supported by a suite of key policies and position statements. These include Responsible Investment Position Statement, Environmental, Social and Governance (ESG) Credit Risk Policy, Climate Change Position Statement and Action Plan, and Responsible Sourcing Code of Conduct, many of which are publicly available. The Sustainability Risk Management Framework was reviewed and updated in 2020. Westpac uses scenario analysis to identify and assess climate-related risks over short, medium and long-term horizons. We help our customers make their homes more climate-resilient by: providing information to assist home owners identify how they can make improvements to their home; and working with our bankers with a view to helping customers access the right products and services to help fund any improvements they wish to undertake. This includes the work we support through the Australian Business Roundtable on Disaster Resilience and Safer Communities, which focuses on natural disaster resilience and recovery in Australia. Along with our recognition that our financing activities must align with activities that support efforts to keeping a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius, Westpac expects to continue to help individual customers respond to climate change, and to seek to advocate for more research and investment into helping communities adapt and become resilient to climate-related impacts.

Comment
Costs include FTE, efforts to understand manage impacts including research and participation in industry forums.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Our Climate Change Position Statement recognises that economic growth and emissions reductions are complementary goals. Addressing climate change creates financial opportunities for Westpac and our customers. Addressing the impacts of climate change requires investment and a shift in business models. Transition to a net zero emissions economy is reliant on the availability of cost-effective low carbon solutions. In our role as a financial intermediary we act as a market facilitator and partner to existing and new customers, backing financially viable, affordable, low carbon solutions that will drive the transition to a net zero emissions economy whilst accelerating the reduction in emissions. We have set our targets based on a 2020 analysis for investment in climate change solutions that is required to remain on a credible pathway to a net zero emissions outcome by 2050. We define climate change solutions as those technologies and practices that are consistent with the investment required to limit global warming to less than two degrees and address its impacts. Climate change solutions include, but are not limited to: Renewable energy; energy efficiency technologies; green buildings; low-emissions transport; waste; water; carbon abatement and sequestration projects; forestry and land rehabilitation; and adaptation infrastructure. As part of our 2023 Climate Change Action Plan we have aimed to support solutions and technology that accelerate the transition to a low carbon economy, aiming to provide $3.5 billion of new lending to climate change solutions by 2023, and $15 billion in the next 10 years to 2030. Targets are currently for Institutional, Corporate and Commercial segments and informed by analysis of capital investment required for a “well below 2-degrees” outcome. ‘New lending’ is incremental and does not include refinancing. Targets will be reviewed at least every three years to reflect changes in technology, policy, climate science and investment assumptions and as our approach evolves. Our climate change solutions definition can be found in the glossary of our 2020 Sustainability Datasheet.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
3500000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
This figure represents the amount of new lending exposure to climate change solutions Westpac is targeting by 2023. Westpac has set short and medium term targets for lending to the climate solutions sector. These were derived from market analysis, estimates of Westpac's market share and estimates of future sector growth derived from climate scenario analysis. Targets are expressed in terms of Total Committed Exposure. By 2023 we are targeting $3.5 billion of new lending to climate change solutions by 2023, and $15 billion in the next 10 years to 2030.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
WBC's Climate Change Position Statement and 2023 Action Plan (CCPS) describe our climate change strategy, which includes our first action to help customers and communities respond to climate change. In our role as a financial intermediary we act as a market facilitator and partner to existing and new customers, backing financially viable, affordable, low carbon solutions thereby supporting energy security while accelerating the reduction in emissions. We provide our business customers with a range of innovative sustainable finance structures including green deposits, green bonds and sustainability-linked loans. Lending to climate solutions is set out in our CCPS. Our financial reporting shows growth in exposure to climate solutions from $6bn in 2016 to $10 bn to HY21.In May 21, Westpac released a €1bn green Tier 2 bond, its first green bond in Europe that was priced 105 basis points over the swap rate.

Comment
Estimated for total FTE and other costs.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Resilience

Primary climate-related opportunity driver
New products and services related to ensuring resiliency

Primary potential financial impact
Other, please specify (Increased revenues resulting from increased demand for products and services)

Company-specific description
Through our Climate Change Position Statement and 2023 Action Plan, Westpac is committed to helping individual customers and communities to understand and respond to the impacts of climate change. We recognise that climate change may affect their communities, homes and investments in many ways. We can use our experience and expertise to assist our customers to prepare and respond to the risks and opportunities they may face. We can support measures to improve the efficiency and resilience of homes to minimise their ongoing running costs and reduce the financial impact of increases in the scale, frequency and severity of natural disasters. We can also support communities to take the collective measures required to adapt to both acute and chronic changes in weather patterns brought about by climate change. Our experience of working with customers and communities through times of natural disaster has shown that the more prepared and resilient a community is, the quicker it is able to recover. As Australia's second largest bank with over $440bn, as at 31 March 2021, in direct lending exposure to household mortgages, working with customers, government and the private sector presents a significant opportunity to improve community resilience to mitigate the worst impacts of climate change, as well as provide finance to adaptation measures. This opportunity has been factored into our analysis of climate-related opportunities when setting lending targets for the climate solutions sector $3.5bn by 2023 and $15bn by 2030.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
3500000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
This figure represents the amount of new lending exposure to climate change solutions Westpac is targeting by 2023. The opportunity presented by growth in adaptation infrastructure forms a part of our overall Climate Solutions lending targets of $3.5bn by 2023 and $15bn by 2030. Our 2020 reporting shows that climate-resilient green buildings represent 42.3% of our lending to climate solutions. Increased revenues can be expected as a result of growth and increased balance sheet allocation.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
The Group's 2021-2023 Sustainability Strategy and Board-approved Climate Change Position Statement and 2023 Action Plan (CCPS) describe our climate change strategy, which includes the focus area "Help Australians respond to climate change". Our experience of working with customers and communities through times of natural

disaster has shown that the more resilient a community is, the quicker it is able to recover. That's why we are supporting customers to understand how climate related impacts affect their homes and assets, helping them make the right decisions to prepare for any possible outcome. We also encourage our customers to consider how they can improve the energy and water efficiency of their homes in a way that benefits the environment, while minimising the ongoing costs of utilities, maintenance and repairs. Our participation and investment in the Australian Business Roundtable for Disaster Resilience and Safer Communities has helped to understand, inform and influence responses to the physical impacts of climate change, and the opportunities that might arise in helping our customers adapt.

Comment
Estimated for total FTE and other costs

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Primary potential financial impact
Reduced direct costs

Company-specific description
Our Climate Change Position Statement and 2023 Action Plan states that Westpac will seek to reduce emissions from our own operations in alignment with a science-based trajectory. This presents an opportunity to invest in the uptake of renewable energy sources, such as rooftop solar PV, across our Australian and New Zealand operations and avoid potential rising costs as the energy market continues to transition to a low-carbon setting.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
302432

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The 2020 average cost (AUD) per kWh for our commercial sites was estimated based on invoices. Cost per kWh was multiplied by the 2020 annual energy savings of Westpac's New South Wales, Australia and Christchurch, New Zealand solar projects to arrive at an estimated annual savings of AUD $302,432.

Cost to realize opportunity
2993912

Strategy to realize opportunity and explanation of cost calculation
Emission reduction targets are articulated in Westpac's Climate Change Position Statement and 2023 Action Plan, approved by Westpac's Board. Westpac has long term targets including: reduce our Scope 1 and 2 emissions by 90% by 2030 (2016 baseline), reduce Scope 3 – Supply Chain emissions by 35% by 2030 (2016 baseline) and source the equivalent of 100% of our global electricity consumption through renewable sources by 2025. These targets will assist to mitigate the potential impact of future carbon pricing and reduce operational expenses over the long term. Westpac's Group Property has a budget allocated to continuous improvement from which Scope 1, 2, and 3 emission reduction projects may be funded where they meet business requirements. In addition, other project budgets may be established to fund specific carbon reduction initiatives. This reporting year, Westpac installed a 1.034 MW solar PV system on a New South Wales, Australia corporate office building and 57kW solar PV system on a Christchurch, New Zealand corporate office building. The vendor and Westpac provided the cost estimate to realise this opportunity.

Comment

Identifier
Opp4

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Other, please specify (Property and ATM consolidation)

Primary potential financial impact
Reduced direct costs

Company-specific description
Westpac's Climate Change Position Statement and 2023 Action Plan states that we will continue to reduce emissions from our own operations in alignment with a science-based trajectory. Part of our property strategy considers consolidation of our property and ATM portfolio to more efficient workplaces.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
1576060

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Estimated annual savings for the property and ATM consolidation were calculated by comparing the energy consumption decrease between 2019 and 2020 and multiplying by the 2020 average cost (AUD) per kWh for our property and ATM sites, respectively.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Emission reduction targets are articulated in Westpac's Climate Change Position Statement and 2023 Action Plan, approved by the Westpac Board. Westpac has long-term targets including: reduce our Scope 1 and 2 emissions by 90% by 2030 (2016 baseline), reduce our Scope 3 – Supply Chain emissions by 35% by 2030 (2016 baseline) and source the equivalent of 100% of global electricity consumption through renewable sources by 2025. These targets will seek to mitigate the potential impact of future carbon pricing and reduce operational expenses over the long term. Westpac's Group Property has a budget allocated to continuous improvement from which Scope 1, 2 and 3 emission reduction projects may be funded where they meet business requirements. In addition, other project budgets may be established to fund specific carbon reduction initiatives. This reporting year, Westpac finalised a number of commercial building and branch refurbishments, and consolidated commercial, retail and ATM sites for greater efficiency.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	Please select	We don't have a scheduled resolution for our Climate Change Position Statement and 2023 Action Plan proposed for 2021. We recognise that a scheduled resolution requires careful consideration, including engagement with stakeholders.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?
Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
Other, please specify (Three scenarios developed in partnership with EY and ClimateWorks - Strong National Action, Global Cooperation, and Delayed Action.)	Westpac uses scenario analysis to inform its assessment of climate-related risks over short, medium and long-term horizons. The findings from scenario analysis conducted in 2019 informed Westpac's current Climate Change Position Statement and 2023 Action Plan which outlined enhanced lending standards for energy sectors including management of the thermal coal portfolio to reduce exposure to zero by 2030. These lending parameters have been included in our Group Risk Appetite Statement and, where appropriate, are applied at the portfolio, customer and transaction level. The scenario analysis also informed our financing targets for climate change solutions which are based on an economy- wide pathway to net zero emissions by 2050. This includes a 2030 lending target to climate solutions of $15bn. In 2016 we undertook scenario analysis which set the foundation for our subsequent analysis. Our 2016 work comprised: Boundaries: qualitative and quantitative; 2-degree transition risk and opportunity analysis; over short (2020), medium (2030) and long (2050) term horizons. Carbon price range: USD20-USD300 (AUD29-AUD435). Methodology: Three scenarios were identified representing plausible pathways to a low carbon economy based on different approaches to global cooperation and timing of action. Each scenario included assumptions for technological, social, economic and environmental factors, drawing from a broad base of existing research, including regarding carbon pricing. The scenarios were based on existing and known technologies due to the difficulty in accurately modelling the impact of unknown innovations. Summary of scenarios 1. Strong National Action: In this scenario, a lack of global carbon trading requires each country to take ambitious action individually, requiring a more rapid domestic transition. National ambition drives technical innovation in renewables, carbon capture and storage and nuclear technologies. 2. Global Cooperation: In this scenario coordinated global action results in a smooth transition to a low carbon economy. Access to an international carbon trading system provides Australia with relatively cheap carbon permits compared to the other scenarios. 3. Delayed Action: In this scenario, an initial delay towards action is followed by a much more accelerated mitigation pathway after 2030. This scenario assumes slower cost reductions of low carbon technologies due to lack of early investment and a rapidly increasing carbon price post-2030.
DDPP IRENA RCP 2.6 RCP 8.5 IEA Sustainable development scenario	Westpac uses scenario analysis to inform its assessment of climate-related risks over short, medium & long-term horizons. The findings from scenario analysis conducted in 2019 informed Westpac's current CCPS which outlined enhanced lending standards for energy sectors including management of the thermal coal portfolio to reduce exposure to zero by 2030. These lending parameters have been included in our Risk Appetite Statement and, where appropriate, are applied at the portfolio, customer and transaction level.Scenario analysis also informed our financing targets for climate change solutions which are based on an economy-wide pathway to net zero emissions by 2050.This includes a 2030 lending target to climate solutions of $15bn. In 2018, the analysis considered qualitative & quantitative; 2degree transition risk & opportunity analysis; 4 degree physical risk analysis; over medium (2030) & long (2050) term horizons. Carbon price range: USD20-USD300. Methodology: 2-degree scenarios: We revisited the 3 scenarios developed in partnership with EY & ClimateWorks in 2016 & reapplied them to Australian Business & Institutional lending (excluded retail, sovereign and bank exposures).We also reviewed the IEA's Sustainable Development Scenario (IEA SDS), the International Renewable Energy Agency's Renewable Energy Roadmap (IRENA Remap) and IPCC's Special Report on Global Warming of 1.5 Degrees, focusing our analysis on the Australian energy market. As at 31 March 2021,the Australian Business & Institutional portfolio exposed to sectors which by 2030,may face relatively higher growth constraints under a 1.5-degrees scenario is 1.2% & 0.7% under a 2-degrees scenario. Higher risk sectors may be subject to enhanced due diligence under the parameters laid out in the CCPS. 4-degree scenario: Our core scenario was based on data from IPCC's RCP8.5 scenario & adopted a series of conservative assumptions about the vulnerability of homes to natural perils under 4°C of warming by 2100.The selected perils were: inundation such as sea level rise and storm surges, soil contraction due to increased heat and reduced rainfall, floods, wind and cyclones, and bushfires. Under a 4-degree scenario to 2050,we believe the Australian mortgage portfolio is broadly resilient to physical risks for selected perils. We mapped the Australian residential mortgage portfolio to postcodes which under a 4-degree scenario are at greatest risk of increased frequency and intensity of natural perils, and where annual average losses are most likely to increase. Findings highlighted the importance of both climate mitigation and adaptation efforts, including government planning measures, and the benefits of climate-resilient building characteristics to reduce property damage. In 2021,we updated our approach to assessing the impact of extreme weather events under climate change scenarios on our Australian mortgage portfolio. The analysis: -Used a generalised model of how extreme weather and climate change may affect a number of physical risks to a 'Representative Property' (an archetype of a modern Australian home) under 4-degree scenario -Considered riverine flooding, coastal inundation, forest fires, extreme wind & soil subsidence -Computed physical risk for each year from 1990 to 2100, allowing us to identify the potential impacts of current & future extreme weather & climate change -Modelled a 'static' balance sheet with no population growth or movement, & did not consider the impact of adaption measures or management actions to mitigate risks -Identified locations that may be at higher risk & assessed the Group's current exposure to these locations. Westpac's exposure in the Australian mortgage portfolio to locations identified as likely to be exposed to higher physical risks under a RCP8.5 scenario is around 1.7% of the current portfolio, increasing to around 2.0% by 2050
Other, please specify ('P2' pathway articulated in the Intergovernmental Panel on Climate Change's report – Global Warming of 1.5 C.)	In First Half 2019, the Group undertook further scenario analysis to assess the resilience of Westpac's Australian Business and Institutional lending (excludes retail, sovereign, and bank exposures) to transition risks brought about by rapid decarbonisation of the Australian economy under 1.5 and updated 2-degree scenarios (1.5-degree scenario based on the 'P2' pathway articulated in the Intergovernmental Panel on Climate Change's report – Global Warming of 1.5OC. 2-degrees disclosures incorporate multiple scenarios including the IRENA REMap, IEA SDS, IPCC (presented according to updated methodology), and those described in Westpac's Sustainability Performance Report, 2016 p52). As at 31 March 2021: Westpac's Business and Institutional lending exposure to sectors that by 2030 are likely to face growth constraints under a 1.5-degrees scenario is approximately 1.2%; Westpac's Business and Institutional lending exposure to sectors that by 2030 are likely to face growth constraints under a 2-degrees scenario is approximately 0.7%.
IEA Sustainable development scenario Other, please specify (Asia-Pacific Integrated Model Shared Socio-Economic Pathways (AIM/CGE 2.0 SSP1-19) model)	As at 31 March 2021 we had completed an initial study of 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 (The 'well below' 2-degree scenario used the International Energy Agency's Sustainable Development Scenario (SDS-2019) and the 1.5-degree scenario used the Asia-Pacific Integrated Model Shared Socio-Economic Pathways (AIM/CGE 2.0 SSP1-19) model). Based on our initial findings we have updated our approach and internal ESG criteria by which climate-related risks and opportunities are assessed in the oil and gas sector. Our updated approach means we will: • expect any new institutional oil and gas exploration, production and refining customers, to whom we provide lending, to have publicly disclosed Paris-aligned business goals; • continue to support existing customers (particularly via sustainable finance structures) to develop Paris-aligned financing strategies using our internal ESG criteria to guide our approach; and • continue to develop our approach and understanding of climate-related risk and opportunities in the oil and gas sector (including downstream segments) through engagement with our institutional customers.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	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. The Climate Change Position Statement & 2023 Action Plan (CCPS) was approved by the Board in 2020. It covers both the Group's principles, key actions related to climate change & their intersection with business strategy & planning. To address climate change risk and opportunities, the CCPS identifies focus areas for the short, medium & long term. We will: help customers &communities respond to climate change; continue to improve the climate change performance of our operations; & continue to support initiatives & policies to achieve the goals of the Paris Agreement. We use scenario analysis to guide strategy & to analyse the implications of climate-related factors to business. We assess opportunities to support solutions & technology that accelerate the transition to a low carbon economy. We seek to understand the potential for climate-related transition, physical & litigation risks to impact our business, in particular the possible impact on credit risk, regulatory & reporting obligations, & reputation. In the CCPS, the Group sets out criteria for lending to emissions-intensive & climate-vulnerable sectors, supporting customers assess the financial implications of climate change on their business, including how their strategies are likely to perform under various forward-looking scenarios, & demonstrate a rigorous approach to governance, strategy setting, risk management and reporting. Our climate strategy includes: -Aim to provide $3.5 billion of new lending to climate solutions by 2023 -Ensure our financing of the electricity generation sector supports Paris-aligned transition pathways to a net zero emissions economy by 2050 -Support existing thermal coal customers, with a commitment to reduce our exposure to zero by 2030 -Expect any new oil & gas exploration, production & refining customers, to whom we provide lending to have publicly disclosed Paris-aligned business goals -Advance Paris-aligned financing strategies & portfolio targets, with annual updates -Provide access to products & services that can help customers to reduce the energy consumption and improve the resilience of their homes -Help communities become more resilient to climate change and the transition to a low carbon economy.
Supply chain and/or value chain	Yes	We work with over 8,600 supplier partners and during the year procured goods and services worth $6.5 billion across Australia and New Zealand. Westpac's Responsible Sourcing Program guides our purchasing decisions and intends to drive sustainable outcomes for our suppliers, customers and communities. Our program embeds important risk management principles that aim to enable our supplier relationships to mitigate the ESG risks in our supply chain, including salient issues such as climate change, human rights and modern slavery. The Responsible Sourcing Code of Conduct forms part of this program and applies to all businesses that provide products and/or services to Westpac. The Code's purpose is to: share our key sustainability principles for doing business with our suppliers; support suppliers to identify, mitigate and manage their sustainability (including environmental, social human rights, modern slavery and governance) risks; and set expectations of our suppliers and their supply chain engagements in providing goods and services to Westpac.
Investment in R&D	No	
Operations	Yes	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. 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. We are committed to reducing the climate change impacts of our own operations, seeking to align our business with the trajectory required to achieve a net zero emissions economy by 2050. As stated in our Climate Change Position Statement and 2023 Action Plan we will: - Continue to reduce emissions from our own operations in alignment with a science-based trajectory, including through targets to reduce our Scope 1 and 2 emissions from a 2016 base year by:85% by 2025; and 90% by 2030 and a target to reduce our Scope 3 – Supply Chain Emissions from a 2016 base year by 35% by 2030. Offset any remaining carbon emissions and maintain carbon neutrality across our business in accordance with Climate Active (formerly known as the National Carbon Offset Standard (NCOS)).

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Capital expenditures Access to capital Assets Liabilities	Revenues may increase due to efforts to increase our exposure to the climate solutions sector. This has been factored into our processes by setting short and medium term targets for lending to the climate solutions sector ($3.5bn by 2023 and $15bn by 2030). Revenues may also be impacted negatively as other sectors of the economy reduce in size as the result of efforts to mitigate climate change. The magnitude of this risk is considered low given Westpac's relative low exposure to carbon intensive sectors. This has been factored into our processes by setting lending criteria and targets for high transition risk sectors (e.g. thermal coal, oil & gas and coal-fired electricity generation). Similarly, revenue growth linked to physical changes caused by climate change may increase due to greater investment in adaptation measures and the emergence of new products. Capital expenditures are considered in line with targets set out our 2023 Climate Change Action Plan (CCPS), and in particular commitments to reduce the emissions intensity of our operations and our commitment to source 100% of global electricity consumption through renewable energy sources by 2025. For access to capital we conduct regular assessments and stakeholder engagement and consultation. This includes capital providers such as investors, shareholders and customers (depositors). Climate change ranks consistently highly as an issue of importance to stakeholders (and to Westpac), particularly investors. This is also reflected in stakeholder queries directed to our sustainability, client facing and investor relations teams. In response, Westpac prepares comprehensive reporting, disclosure and communication materials on at least a half yearly basis to inform capital providers of our performance on climate change. In line with the recommendations of the TCFD, these materials form part of our financial reporting cycle. Assets: Climate related risks arise from lending to companies that are exposed to the physical and transition risk of climate change. Climate risk and opportunities linked to our financial assets are factored into our processes through the integration of our CCPS which sets out both lending targets to climate solutions and criteria on lending to emissions intensive sectors. Westpac seeks opportunities to support solutions and technology that accelerate the transition to a low carbon economy, aiming to provide $3.5 billion of new lending to climate change solutions by 2023, and $15 billion by 2030. Liabilities: A Green Tailored Deposit allows our customers to invest funds with us to support the transition to a low carbon economy. We are proud to be the first bank globally to provide such an offering to our customers. The assets that sit behind our Green Tailored Deposits are reviewed by an external verifier on an annual basis and have been certified by the Climate Bonds Initiative. We publicly report on the underlying assets on an annual basis. Terms are between 1 and 5 years, with a minimum transaction size of AUD $1million, flexibility in coupon payment frequency and floating or fixed rate return.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

The Group has long recognised that climate change is one of the most significant issues that will impact the long-term prosperity of the economy and way of life. Westpac was the first Australian bank to recognise the importance of limiting global warming to two degrees and that to do this, global emissions need to reach net zero in the second half of this century.

It has been over a decade since the Group released its first Climate Change Action Plan. Since then, Westpac has continued to integrate the consideration of climate-related risks and opportunities into business objectives and strategy. This includes alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which the Group has publicly committed to support and setting specific targets for lending and our own operational footprint.

The Board has oversight of our approach to and management of climate change. The Group's fourth Climate Change Position Statement and 2023 Action Plan (CCPS) was supported by the Group Executive and approved by the Board in 2020. It covers both the principles and key actions related to climate change for the Westpac Group and their intersection with broader business strategy and planning.

Climate Change Position Statement's principles:

- A transition to a net zero emissions economy is required by 2050

- Economic growth and emissions reductions are complementary goals

- Addressing climate change creates opportunities

- Climate-related risk is a financial risk

- Collective action, transparency and disclosure matter

Focus areas for action:

- Help customers and communities respond to climate change

- Improve the climate change performance of our operations

- Support initiatives and policies to achieve the goals of the Paris Agreement

The CCPS specifically ties business strategy and planning to a science-based emissions reduction target for Scope 1 and 2 emissions of 85% by 2025 and 90% by 2030 (2016 baseline) and ongoing commitment to carbon neutrality of our operations. Furthermore, we committed in April 2019 to source 100% of global electricity consumption through renewable energy sources by 2025. As one of the first Australian companies to make this commitment, Westpac Group is a member of RE100, a global leadership initiative led by The Climate Group in partnership with CDP, bringing together the world's most influential businesses who have committed to go 100% renewable. Westpac Group was one of 28 banks working with the United Nations Environment Program Finance Initiative (UNEP FI) to develop the Principles for Responsible Banking (and in 2018 became the first bank to publicly report on the draft principles), as we believe that it is important for banks, working with civil society and other stakeholders, to define and act on what we mean by responsible and sustainable banking. This work aligns the purpose of banking with society's goals as expressed the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

As an example of climate change influencing business decisions, we conducted climate change scenario analysis to identify risks and opportunities as part of the refresh of our CCPS. This analysis was overseen by an internal Steering Committee comprising representatives from risk, sustainability and banking teams. This research has informed actions in our position statement, driven public engagements and our communications and forward strategy. The Climate Change Position Statement was approved by the Board in 2020. A specific measure of the impact of this analysis is the increase in exposure to climate solutions.

The CCPS recognises a number of aspects of climate change that have influenced our thinking over the short (to 2023), medium (to 2030) and long term (2050). This includes explicit acknowledgement of the goals of the Paris Agreement, and our commitment to support the transition of the economy to net-zero emissions. The CCPS sets our actions over the short, medium and long term which we report against every year. Key elements of this include short and medium term targets for lending to climate solutions; enhanced lending parameters to emissions intensive sectors (e.g. thermal coal and coal-fired generation assets) and short and medium term science-based targets for our own emissions.

In November 2020, Westpac NZ published its inaugural disclosure of climate-related financial risks and opportunities. The Westpac NZ FY20 Climate Risk Report is aligned with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) and sets out how climate-related risks and opportunities are addressed through Westpac NZ's governance, strategy and risk management. The report builds on the findings of the 2018 Climate Change Impact Report and a bespoke risk assessment on the impacts of sea level rise on coastal properties. Westpac NZ plans to continues to voluntarily publish climate-related financial disclosures, alongside mainstream financial filings.

In relation to Westpac NZ's 2025 Sustainability Strategy, the NZ Sustainability Advisory Panel informs the WNZL Executive Team and Board by providing insights on opportunities and ESG risks, including climate change. Westpac NZ cross-business working groups are responsible for the plans to deliver integrated responses to climate change e.g. Climate Change Committee, NetZero working group directs CO2 reductions initiatives. Decisions to relocate Christchurch corporate and CBD branch to Green Star 5 rated building and to convert 30% of our 301-car fleet to EVs and install charging infrastructure were influenced by our commitment to reducing our environmental footprint.

C-FS3.6

(C-FS3.6) Are climate-related issues considered in the policy framework of your organization?

Yes, both of the above

C-FS3.6a

(C-FS3.6a) In which policies are climate-related issues integrated?

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	Credit policy Risk policy Policy related to other products and services	All of the portfolio	Climate change risks are managed within the Group's Risk Management Framework. Westpac seeks to understand the potential for climate-related transition, physical and litigation risks impacts on its business, in particular the possible impact on credit risk, regulatory and reporting obligations, and our reputation. Through our Climate Change Position Statement and 2023 Action Plan (CCPS), Westpac sets 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. Climate change risk is included in the Group Risk Taxonomy under the Level 1 credit risk, and reputational and sustainability risk categories. The Group reviews its Risk Management Framework, Risk Management Strategy, Sustainability Risk Management Framework, risk appetite measures and policies, including the ESG Credit Policy, and integrates criteria set out in the CCPS. These criteria are applied at the portfolio, customer and transaction level where appropriate. The Climate Change Financial Risk Committee oversees work to identify and manage the potential impact on credit exposures from climate change-related transition and physical risks across the Group. It reports to the Group Credit Risk Committee. Escalation of 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. We are also a signatory to several voluntary principles-based frameworks that guide the integration of ESG-related issues to banking, lending and investment analysis. These include the Equator Principles, the Principles for Responsible Banking, the Principles for Responsible Investment, and the TCFD.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	Please select	

C-FS3.6b

(C-FS3.6b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Type of exclusion policy	Portfolio	Application	Description
Coal	Bank lending	Other, please specify (New and existing customers)	As stated in our current Climate Change Position Statement and 2023 Action Plan: for thermal coal, we will continue to support our existing thermal coal customers, managing our portfolio in line with a commitment to reduce our exposure to zero by 2030. In the interim, we will not establish relationships with new thermal coal customers; limit support for thermal coal mines or projects to existing basins; and maintain strict quality criteria of average calorific value on a Gross As Received basis must be at least 5,700 kCal/kg for existing mines; and at least 6,300 kCal/kg Gross As Received for new mines. A thermal coal customer includes subsidiaries of existing customers, with thermal coal customers defined as those generating more than 25% of revenues from thermal coal, or in the case of a stand-alone mine, more than 35% of volumes from thermal coal. All other coal customers or mines are deemed as metallurgical. For metallurgical coal we will continue to provide financing for metallurgical coal production and seek to support technological developments and industry initiatives that reduce the dependence of the steel industry on coal; and require that any material component of production from new metallurgical mines that is used for the purposes of electricity generation meets our existing standard.
Oil & gas	Bank lending	Other, please specify (New and existing customers)	As stated in our current Climate Change Position Statement and 2023 Action Plan: We will continue to assess the role of oil and gas in the transition to a low carbon economy and to develop Paris-aligned financing strategies and portfolio targets for emissions intensive sectors, working with our customers. In the interim we will continue to provide finance to the sector in line with our ESG policies and commitment to the Paris Agreement. This includes not providing project finance to oil and gas exploration in high risk frontier basins such as Arctic and Antarctic refuges, and for oil sands development. In our 2021 Interim Financial Results we noted that we have now completed an initial study of 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 (The 'well below' 2-degree scenario used the International Energy Agency's Sustainable Development Scenario (SDS-2019) and the 1.5-degree scenario used the Asia-Pacific Integrated Model Shared Socio-Economic Pathways (AIM/CGE 2.0 SSP1-19) model). Based on our initial findings we have updated our approach and internal ESG criteria by which climate-related risks and opportunities are assessed in the oil and gas sector. Our updated approach means we will: • expect any new institutional oil and gas exploration, production and refining customers, to whom we provide lending, to have publicly disclosed Paris-aligned business goals; • continue to support existing customers (particularly via sustainable finance structures) to develop Paris-aligned financing strategies using our internal ESG criteria to guide our approach; and • continue to develop our approach and understanding of climate-related risk and opportunities in the oil and gas sector (including downstream segments) through engagement with our institutional customers.
Other, please specify (Electricity Generation)	Bank lending	Other, please specify (New and existing customers)	As stated in our current Climate Change Position Statement and 2023 Action Plan: for the electricity generation sector we will take into account the intersecting requirements of emissions reduction, affordability, energy security and reliability, and the feasibility of emerging low emissions technologies (e.g. carbon capture and storage). We will consider the impact of the transition on vulnerable households, regional communities and trade-exposed industries; and seek to ensure our financing supports Paris-aligned transition pathways to a net zero emissions economy by 2050 including by reducing the emissions intensity of our exposure in line with the following targets: 0.23t CO2e/MWh by 2025; and 0.18t CO2e/MWh by 2030.
Other, please specify (Agribusiness)	Bank lending	Other, please specify (New and existing customers)	Our Financing Agribusiness Position Statement, outlines the principles which we apply when providing finance or considering the provision of finance to customers in the agribusiness sector. We recognise that the agribusiness sector has an important role to play in managing and mitigating the risks and opportunities associated with climate change. We will continue to endeavour to assist customers to meet the challenge of both transition and physical risks associated with climate change; and to maximise opportunities to reduce greenhouse gas emissions arising from the adoption of new technologies and farming techniques. We seek to develop relationships with customers that: - avoid adverse impacts on High Conservation Value forests and use High Carbon Stock Approach assessments where appropriate; and operations in UNESCO World Heritage Sites, Ramsar wetlands and critical natural habitats (unless the activity is legally permitted and consistent with management plans for the area). – Demonstrate commitment to best practice in the production of: Palm oil, where we require growers, producers and processors to support RSPO standards and demonstrate credible progress towards full certification within a satisfactory timeline, and commit to NDPE policies. For downstream sectors (manufacturers, traders or retailers) we encourage RSPO membership and procurement of Certified Sustainable Palm Oil ; Soy, where we require growers, producers and processors in higher risk geographies to support the Roundtable for Sustainable Soy and demonstrate credible progress towards full certification within a satisfactory timeline. For downstream sectors, namely manufacturers, traders or retailers of soy products, we encourage procurement of certified inputs; Timber, including that used for the production of pulp and paper products, where we require growers (forest managers) and processors to support the Forest Stewardship Council or alternatively a national scheme endorsed under the Programme for the Endorsement of Forest Certification ; and demonstrate credible progress towards full certification within a satisfactory timeline. For downstream sectors, namely manufacturers, traders or retailers of timber products, we encourage procurement of certified inputs. Other agro-commodities, we encourage the adoption of better management practices to reduce and minimise environmental and social impacts, and where appropriate, achieve certification under credible standards.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2018

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Base year
2016

Covered emissions in base year (metric tons CO2e)
147620

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2030

Targeted reduction from base year (%)
34

Covered emissions in target year (metric tons CO2e) [auto-calculated]
97429.2

Covered emissions in reporting year (metric tons CO2e)
107634

% of target achieved [auto-calculated]
79.6679869617539

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
Well-below 2°C aligned

Please explain (including target coverage)
As part of Westpac's 2020 Sustainability Strategy and Climate Change Position Statement and 2020 Action Plan, GHG emission reduction targets were set using Scope 1 and Scope 2 methodologies endorsed by the Science Based Targets initiative (SBTi). Westpac's targets during the 2020 reporting year were: • 9% reduction in Scope 1 and 2 emissions by 2020; and • 34% reduction in Scope 1 and 2 emissions by 2030 (using 2016 baseline); o An adjusted 2016 number that excludes emissions from Western Sydney data centre is used as a baseline for Westpac's 2020 and 2030 emissions reduction targets. The rebased 2016 Scope 1 and 2 figure is 147,620 tCO2-e. Western Sydney data centre was excluded from operational control from 2017 onwards. Westpac's refreshed targets for the 2020 period onwards were recently set in our Climate Change Position Statement and 2023 Action Plan. Westpac's updated Scope 1 and 2 target is: • to reduce Scope 1 and 2 emissions from a 2016 base year by: o 85% by 2025; and o 90% by 2030 These targets have been prepared using Scope 1 and scope 2 methodologies endorsed by the Science Based Targets initiative (SBTi) and will be reported against from 2021 onwards.

Target reference number
Abs 2

Year target was set
2019

Target coverage
Country/region

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based) +3 (upstream)

Base year
2019

Covered emissions in base year (metric tons CO2e)
6225

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
3

Target year
2025

Targeted reduction from base year (%)
30

Covered emissions in target year (metric tons CO2e) [auto-calculated]
4357.5

Covered emissions in reporting year (metric tons CO2e)
5012

% of target achieved [auto-calculated]
64.9531459170013

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
1.5°C aligned

Please explain (including target coverage)
A new target covering Westpac New Zealand Limited (WNZL) Scope 1, Scope 2 and mandatory Scope 3 sources was set in 2019 as part of the carbonzero certification process. The target was set following the Toitū carbonzero program rules.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2019

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
Percentage

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
0

Target year
2025

Figure or percentage in target year
100

Figure or percentage in reporting year
0

% of target achieved [auto-calculated]
0

Target status in reporting year
Underway

Is this target part of an emissions target?
Westpac's 2019 commitment to source the equivalent of 100% of our global electricity consumption through renewable sources by 2025, is a key emissions reduction initiative allowing us to commit to substantially more ambitious emissions reduction targets in 2020. This commitment was reinforced in Westpac's Climate Change Position Statement and 2023 Action Plan. The first phase of the commitment is expected to deliver a 45% transition to renewables by 2021. Westpac's targets have been prepared using Scope 1 and Scope 2 methodologies endorsed by the Science Based Targets Initiative (SBTI). Abs 1

Is this target part of an overarching initiative?
RE100

Please explain (including target coverage)
In April 2019, Westpac announced our commitment to source the equivalent of 100% of its global electricity consumption through renewable sources by 2025 (https://www.westpac.com.au/news/making-news/2019/04/westpac-to-go-100pc-renewable-by-2025/). As one of the first Australian companies to make this commitment, Westpac became a member of RE100, a global leadership initiative led by The Climate Group in partnership with CDP, bringing together the world's most influential businesses who have committed to go 100% renewable. The first phase of our transition was achieved through a power purchase agreement with Bomen Solar Farm in Wagga Wagga, New South Wales, Australia. Bomen Solar Farm became operational in July 2020 and is expected to deliver a 45% transition to renewables for Westpac by 2021, as well as providing greater cost certainty for the group in relation to electricity spend. This will flow through to reporting at the end of FY21.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2019

Target coverage
Other, please specify (New Zealand)

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)
Please select

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
31

Target year
2025

Figure or percentage in target year
100

Figure or percentage in reporting year
34

% of target achieved [auto-calculated]
4.34782608695652

Target status in reporting year
Underway

Is this target part of an emissions target?
Westpac New Zealand Limited’s transition to Electric Vehicles is part of its wider commitment to reduce emissions by 30% between 2019 and 2025.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
Fleet conversion in progress. Largely dependent on vehicle availability which has been limited by COVID-19 and available charging infrastructure.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	7	
To be implemented*	1	31197
Implementation commenced*	4	51260
Implemented*	3	6031
Not to be implemented	1	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy generation	Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
1086

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
302432

Investment required (unit currency – as specified in C0.4)
2993912

Payback period
4-10 years

Estimated lifetime of the initiative
21-30 years

Comment
1.034 MW Solar Photovoltaic system installed on New South Wales, Australia office building and 57 kW Solar Photovoltaic system installed on Christchurch, New Zealand corporate office building. Estimated emissions savings figure reflects annual savings calculated for FY20.

Initiative category & Initiative type

Company policy or behavioral change	Site consolidation/closure

Estimated annual CO2e savings (metric tonnes CO2e)
4945

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
1576060

Investment required (unit currency – as specified in C0.4)

Payback period
Please select

Estimated lifetime of the initiative
Please select

Comment
Consolidation of Westpac property and ATM portfolio to more efficient workplaces.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Westpac complies with the Australian Federal Government's National Greenhouse and Energy Reporting Act 2007 which requires us to capture and report all energy consumption, energy production, Scope 1 and Scope 2 greenhouse gas emissions from Australian activities under our Operational Control. Westpac has continued its commitment to remain Carbon Neutral as stated in our Climate Change Position Statement and 2023 Action Plan. In 2020, Westpac's Australian operations maintained its carbon neutrality certification under the Australian Government 's Climate Active Carbon Neutral Standard for Organisations, and WNZL operations maintained its carbon neutrality certification under the Toitū carbonzero programme.
Other (Publicly set targets)	Publicly set targets are used to ensure prioritisation of emissions reduction initiatives.
Employee engagement	Employees are engaged through the Our Tomorrow Network, informing and empowering our people on important sustainability-related topics. During the reporting period the We Have the Will campaign supported our employees to take personal action to tackle environmental impacts. These groups are supported by an intranet site, Yammer (internal social media), regular newsletters and invitations to presentations and workshops. Employees are also engaged through participation in World Environment Day and National Recycling Week environmental activities, as well as being provided with information on implementing emissions reduction/environmental impact activities at work and at home. In NZ, employees of relevant business units are also engaged in working groups focused on our own emissions reductions and developing and promoting climate solutions products.
Other	WNZL shares its experience and knowledge on emissions reductions with customers and external stakeholders, through presentations, face to face meetings or written case studies. We believe that doing so encourages other to accelerate decarbonisation and – as a co-benefit – promotes new low-emissions technologies and initiatives.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Company-wide

Description of product/Group of products
In our Climate Change Position Statement and 2023 Action Plan (CCPS) we committed to a lending and investment target for Climate Change Solutions (including energy; Energy efficiency technologies; Green buildings; Low emissions transport; Waste; Water; Carbon abatement and sequestration projects; Forestry and land rehabilitation; and Adaptation infrastructure.): $3.5bn by 2023 and $15bn by 2030. $10bn climate change solutions exposure as at 31 March 2021.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

Asset classes/ product types

Bank lending	Project Finance

Comment
In our 2023 CCPS, we state that we will support solutions and technology that accelerate the transition to a low carbon economy, aiming to provide $3.5 billion of new lending to climate change solutions by 2023, and $15 billion in the next 10 years to 2030.

Level of aggregation
Product

Description of product/Group of products
In May 2021, Westpac issued a €1bn green Tier 2 bond in Europe. The proceeds from the transaction have been earmarked to finance or refinance sustainable projects , such as renewable energy projects like solar and wind, green buildings and low carbon rail transport. The green bond , the bank’s fifth since 2016 and its first green Tier 2 in Europe, was priced at 105 basis points over the swap rate. Over 100 investors participate in this transaction, the biggest allocation going to France with 24 per cent of the bonds.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Climate Bonds Taxonomy

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

Asset classes/ product types

Bank lending	Other, please specify (Green bond)

Comment

Level of aggregation
Group of products

Description of product/Group of products
We offer a range of sustainable finance products and services to support them in the transition, including sustainability-linked loans that incentivise borrowers to meet pre-determined sustainability targets. In FY20, we launched Australia’s first green loan developed for the superannuation sector. Working with Local Government Super, the $65 million green loan was structured by determining which buildings in its Local Government Property Fund met international standards for green buildings set by the Climate Bonds Initiative. As at 30 September 2020, 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. Transactions 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; 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; 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 & hydroelectricity projects & 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.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Green loans and sustainability linked loans)

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

Asset classes/ product types

Bank lending	Other, please specify (Green loans and sustainability linked loans)

Comment

In our 2023 CCPS, we state that we will support solutions and technology that accelerate the transition to a low carbon economy, aiming to provide $3.5 billion of new lending to climate change solutions over the next three years, and $15 billion in the next 10 years to 2030.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

July 1 2015

Base year end

June 30 2016

Base year emissions (metric tons CO2e)

11102

Comment

As part of Westpac's Climate Change Position Statement and 2020 Action Plan and 2020 Sustainability Strategy, GHG emission reduction targets were set using Scope 1 and Scope 2 methodologies endorsed by the Science Based Targets Initiative (SBTI), using a FY16 baseline. Scope 1 and 2 targets have been updated in Westpac's Climate Change Position Statement and 2023 Action Plan.

Scope 2 (location-based)

Base year start

July 1 2015

Base year end

June 30 2016

Base year emissions (metric tons CO2e)

136518

Comment

As part of Westpac's Climate Change Position Statement and 2020 Action Plan and 2020 Sustainability Strategy, GHG emission reduction targets were set using scope 1 and scope 2 methodologies endorsed by the Science Based Targets Initiative (SBTI), using FY16 as the baseline. In FY18, a Western Sydney-based data centre was removed from our operational control and the Scope 2 emission baseline for FY16 was adjusted accordingly. Targets were updated in Westpac's Climate Change Position Statement and 2023 Action Plan.

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Australia - National Greenhouse and Energy Reporting Act
ISO 14064-1
Toitū carbonzero programme

C6. Emissions data

C6.1

(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
7594

Start date
July 1 2019

End date
June 30 2020

Comment
As reported for FY20.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
9260

Start date
July 1 2018

End date
June 30 2019

Comment
As reported for FY19.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
9824

Start date
July 1 2017

End date
June 30 2018

Comment
As reported for FY18.

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)
9274

Start date
July 1 2016

End date
June 30 2017

Comment
As reported for FY17.

C6.2

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
100040

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
July 1 2019

End date
June 30 2020

Comment
As reported for FY20.

Past year 1

Scope 2, location-based
111908

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
July 1 2018

End date
June 30 2019

Comment
As reported for FY19.

Past year 2

Scope 2, location-based
118515

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
July 1 2017

End date
June 30 2018

Comment
As reported for FY18.

Past year 3

Scope 2, location-based
124963

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
July 1 2016

End date
June 30 2017

Comment
As reported for FY17.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source
Offices in the United States

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why this source is excluded
Westpac operations in the US includes only a small site which is deemed immaterial.

Source
Asian Sites in Singapore, Hong Kong, Shanghai, Beijing and Jakarta

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why this source is excluded
Energy and carbon data for Asian operations are deemed immaterial and data is limited from this region.

Source
Refrigerants from retail sites

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Retail refrigerant emissions are estimated using corporate refrigerants emissions / FTE intensity. These emissions are expected to be small relative to Westpac's reported electricity, stationary energy and fuel emissions. Westpac reports refrigerants for corporate sites only. Potential to influence reduction of emissions at corporate sites is generally greater as Westpac is more likely to have operational control of these sites, and where it doesn't, landlords are more likely to be corporate landlords. For retail sites, Westpac's potential to influence the reduction of refrigerant emissions is low, with air conditioning systems typically small and data not readily available.

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
14661

Emissions calculation methodology
Data centre and ATM electricity: Total consumption of electricity purchased from the grid by third parties engaged by Westpac. Australia emission factors are sourced from National Greenhouse Accounts (NGA) Factors 2019. New Zealand emission factors are sourced from 2020 Ministry for the Environment (MfE) Summary of Emissions Factors. Non-Carbon Neutral Paper: Paper consumption includes office and copy paper and other paper products purchased through Westpac's suppliers. Emissions are estimated by multiplying the paper weight (tonnes) by an emission factor sourced from the Australian Paper Public Disclosure Summary 2017. Water: Emissions from Australia only water consumption. Activity data is based on invoice records provided by suppliers. Emission factors applied are sourced from Australian National Life Cycle Inventory Database v1.30.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Emissions from capital goods have been excluded from Westpac's inventory due to the materiality of the emissions source. Given the nature of Westpac as a service company, emissions from capital goods are not expected to contribute significantly to Scope 3 emissions and are therefore considered immaterial.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
12969

Emissions calculation methodology
Transmission and distribution emissions are calculated by applying NGA Factors 2019 or MfE 2020 Summary of Emission Factors to supplier invoice data for Australia and New Zealand data, respectively.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Emissions from energy losses that are attributable to the transmission and/or distribution of energy to the end user. For Australia this includes electricity, natural gas, diesel and petrol. For New Zealand this includes electricity only. Transmission and distribution emissions are relevant to Westpac as they contribute significantly to total scope 3 emissions.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Emissions from upstream transportation and distribution have been excluded from Westpac's inventory due to the materiality of the emissions source. Given the nature of Westpac as a service company, emissions from upstream transportation and distribution do not contribute significantly to Scope 3 emissions and are therefore immaterial.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
7165

Emissions calculation methodology
Waste to landfill: Emissions from waste sent to landfill are calculated for Westpac commercial offices, data centres and the retail network, but excludes ATMs. For commercial sites and data centres, invoice data provided by the waste contractor or building manager is used where available. For sites where invoice data is not available, waste to landfill is estimated based on averages from properties in the same portfolio for which actual data is available. For retail sites waste data is based on representative waste audits and extrapolated across the retail branch network using FTE figures. The emission factor for Commercial and Industrial waste from NGA Factors 2019 is applied. In New Zealand, emissions from waste were calculated based on waste data collected for all commercial offices and retail branches. Secure Paper Destruction: Emission from paper waste are emissions which are a result of paper collected throughout our commercial and retail properties for secure destruction. Data is sourced from the Westpac's Preferred Supplier for Secure Paper Destruction. The emission factor for paper and cardboard is sourced from NGA Factors 2019.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
91

Please explain

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
12497

Emissions calculation methodology
Hire vehicles: Data for Westpac's Preferred Supplier provided in kilometres travelled. Data for non–preferred suppliers converted from AUD to kilometres based on average preferred supplier $/km. Australian calculations apply emission factors sourced from UK Government GHG Conversion Factors for Company Reporting (2019) published by the Department for Business, Energy & Industrial Strategy (DBEIS). Personal vehicles: distance travelled in kilometres by Westpac New Zealand Limited (WNZL) employees in their own vehicles for business purposes. Calculations apply the MfE 2020 Summary of Emission Factors. Taxi: Data sourced from Westpac's supplier payment analysis tool in $ spent, & total kms estimated utilising State-based flag fall & per KM fees of major taxi providers. Australia applies emission factors sourced from UK Government GHG Conversion Factors for Company Reporting (2019) published by DBEIS and WNZL applies MfE 2020 Summary of Emission Factors. Air: Emissions calculated including class of travel & total mileage. Australian calculations apply emission factors, including radiative forcing, sourced from UK Government GHG Conversion Factors for Company Reporting (2019) published by DBEIS. WNZL applies MfE 2020 Summary of Emission Factors and include radiative forcing. Hotel: Hotel stays include accommodation nights undertaken by Westpac's employees booked through our preferred travel supplier agency. Australian calculations apply emission factors sourced from UK Government GHG Conversion Factors for Company Reporting (2019) published by DBEIS. WNZL applies MfE 2020 Summary of Emission Factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
95

Please explain

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
26681

Emissions calculation methodology
Employee commute includes emissions from the transportation of employees between their home and workplace. Modes of transportation include personal vehicle, train, bus, motorbike, ferry, tram, bicycle and walk. Modes of transport and distance travelled are estimated using the Australian Government's Climate Active Carbon Neutral Standard for Organisations 'Staff Commute' calculator which is based on Australia Bureau Statistics 2016 data on commuting patterns. Emission factors sourced from UK Government GHG Conversion Factors for Company Reporting (2019) published by the DBEIS.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain

Upstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
14840

Emissions calculation methodology
Emissions from shared building facilities or services that are attributable to WBG but not under direct operational control, including both direct and indirect emissions sources (electricity, natural gas, diesel, transmission and distribution losses). Base building consumption data is manually apportioned based on the NLA occupied by Westpac/total NLA of site. For annual reporting where the landlord does not provide the data requested, the total base building emissions are estimated based upon the NABERS rating (Australia-based building energy efficiency rating) of the site. Where a NABERS rating is not available for a particular site, the base building emissions are estimated based upon the average base building emissions per square metre of the sites where actual invoice data was processed. Emission factors are sourced from National Greenhouse Accounts Factors 2019.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
95

Please explain
Westpac leases the majority of commercial office space. Therefore, base building emissions for the majority of our corporate sites are accounted for as part of our Scope 3 inventory. Several of Westpac's major workplaces have been designed to achieve a 6 Star Green Star Interiors rating from the Green Building Council of Australia (GBCA).

Downstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2802

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

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
WNZL excludes couriers on the basis of materiality and lack of supplier data.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Emissions from processing of sold products have been excluded from Westpac's inventory due to the materiality of the emissions source in the context of a service organisation. These emissions do not contribute significantly to Scope 3 emissions and are therefore immaterial.

Use of sold products

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Westpac offers online and mobile banking services to our customers. Provision of these services results in indirect consumption of energy through use of computer and mobile devices. Although customers may use these services on a regular basis, this is deemed to be a minor source of Scope 3 emissions due to the small amounts of electricity required to charge these devices and the fact that these devices are used for a multitude of purposes other than banking.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Emissions from end-of-life treatment of sold products have been excluded from Westpac inventory due to the materiality of the emissions source in context of a service organisation. These emissions do not contribute significantly to Scope 3 emissions and are therefore immaterial.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Emissions from downstream leased assets have been excluded from Westpac's inventory due to the materiality of the emissions source in context of a service organisation. These emissions do not contribute significantly to Scope 3 emissions and are therefore immaterial.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Emissions from franchises have been excluded from Westpac's inventory due to the materiality of the emissions source in context of a service organisation. These emissions do not contribute significantly to Scope 3 emissions and are therefore immaterial.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
No other (upstream) Scope 3 emission sources have been identified.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
No other (downstream) Scope 3 emission sources have been identified.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.0000053

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
107634

Metric denominator
unit total revenue

Metric denominator: Unit total
20183000000

Scope 2 figure used
Location-based

% change from previous year
9.1

Direction of change
Decreased

Reason for change
Total revenue in a banking context is regarded to be the sum of net interest income and non-interest income - or total operating income before operating expenses and impairment charges. [As Westpac has a 30 September year-end for financial data and a 30 June year end for environmental data, the intensity figure is gross global combined Scope 1 and 2 emissions in metric tonnes CO2 as at 30 June 2020 divided by total revenue as at 30 September 2020.] The 9.1% decrease in intensity between 2019 and 2020 can be attributed to the decrease in gross global Scope 1 and 2 emissions resulting from the emissions reduction activities noted within this submission. This reduction was proportionally greater than the decrease in total revenue during the same period.

Intensity figure
3

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
107634

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
36849

Scope 2 figure used
Location-based

% change from previous year
19.8

Direction of change
Decreased

Reason for change
The 19.8% decrease in intensity between 2019 and 2020 can be attributed to the decrease in Westpac’s Scope 1 and Scope 2 emissions resulting from the emission reduction activities noted within this submission.

Intensity figure
0.1

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
107634

Metric denominator
square meter

Metric denominator: Unit total
764271

Scope 2 figure used
Location-based

% change from previous year
6.4

Direction of change
Decreased

Reason for change
The 6.4% decrease in intensity between 2019 and 2020 can be attributed to the decrease in gross global Scope 1 and 2 emissions which was proportionally greater than the decrease in Net Lettable Area (NLA) during the same period.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	1086	Decreased	0.9	1.034 MW Solar Photovoltaic system installed on New South Wales, Australia office building and 57kW Solar Photovoltaic system installed on Christchurch, New Zealand corporate office building. Estimated emission savings figure reflects annual savings calculated for FY20. Westpac's total Scope 1 and Scope 2 emissions in FY19 were 121,169 tCO2-e; therefore, a 0.9% reduction (-1,086 tCO2-e/ 121,169 tCO2-e *100).
Other emissions reduction activities	4945	Decreased	4	During FY20, Westpac achieved emission reductions through energy efficiency initiatives as reported in C4.3b. Westpac's total Scope 1 and Scope 2 emissions in FY19 were 121,169 tCO2-e; therefore, a 4% reduction (-536 tCO2-e/ 121,169 tCO2-e * 100).
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other	7503	Decreased	6	From FY19 to FY20, Westpac reduced its overall Scope 1 and 2 emissions by 13,534 tonnes CO2-e; therefore, by subtracting those identified emissions reductions Westpac has a remaining 7,503 tonnes CO2-e reduction. The remaining emissions reduction of 7,503 tonnes CO2-e primarily corresponds with the reduction in electricity and natural gas consumption from reduced building occupancy and fleet utilisation across March-June 2020 due to COVID-19. Westpac's total Scope 1 and Scope 2 emissions in FY19 were 121,168 tCO2-e; therefore, a 6% reduction (-7,503 tCO2-e/121,168 tCO2-e * 100).

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	22892	22892
Consumption of purchased or acquired electricity	<Not Applicable>	0	146895	146895
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	1244	<Not Applicable>	1244
Total energy consumption	<Not Applicable>	1244	169787	171031

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Waste

Metric value
1182

Metric numerator
tonnes CO2-e

Metric denominator (intensity metric only)
NA

% change from previous year
26

Direction of change
Decreased

Please explain
Tonnes CO2-e from waste to landfill in Australian and New Zealand operations

---

Description
Other, please specify (Water Consumption)

Metric value
297

Metric numerator
tonnes CO2-e

Metric denominator (intensity metric only)
NA

% change from previous year
45

Direction of change
Decreased

Please explain
Tonnes CO2-e of water consumption from Australian operations.

Description
Other, please specify (Paper Consumption)

Metric value
8144

Metric numerator
tonnes CO2-e

Metric denominator (intensity metric only)
NA

% change from previous year
14

Direction of change
Decreased

Please explain
Tonnes CO2-e from paper consumption from operation in Australia, New Zealand, the Pacific and UK and paper disposal from Westpac's Australian, Pacific and UK operations.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
Signed Westpac NGER Assurance Package FY20 FINAL.pdf

Page/ section reference
Pages 5 – 11

Relevant standard
Australian National GHG emission regulation (NGER)

Proportion of reported emissions verified (%)
75

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
2020 Independent Assurance Statement Toitū Carbonzero Certification.pdf

Page/ section reference
Page 2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
19

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
Signed Westpac NGER Assurance Package FY20 FINAL.pdf

Page/ section reference
Pages 5 – 11

Relevant standard
Australian National GHG emission regulation (NGER)

Proportion of reported emissions verified (%)
96

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
2020 Independent Assurance Statement Toitū Carbonzero Certification.pdf

Page/ section reference
Page 2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
2

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3 (upstream & downstream)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
2020 Climate Active Audit Report.pdf

Page/section reference
Pages 1 - 2

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
97

Scope 3 category
Scope 3 (upstream)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Reasonable assurance

Attach the statement
2020 Independent Assurance Statement Toitū Carbonzero Certification.pdf

Page/section reference
Page 2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Other, please specify (Total Australian Energy Consumption)	● Standard on Assurance Engagements ASAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information; ● Standard on Assurance Engagements ASAE 3410 Assurance Engagements on Greenhouse Gas Statements	Australian energy consumption as reported as part of the Australian Government's National Greenhouse and Energy Reporting. Signed Westpac NGER Assurance Package FY20 FINAL.pdf
C4. Targets and performance	Other, please specify (Lending to climate solutions)	Assured by PwC in accordance with the Australian Standard on Assurance Engagements 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Revised) (ASAE3000). The firm applies the Australia Standard on Quality Control ASOC Quality Control for Firms that Perform Audits and Reviews Of 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	Sector specific lending profiles (total committed exposure) — Climate change solutions – Australia and New Zealand – total attributable financing ($m) – distribution by taxonomy type (%) — Electricity Generation – Australia and New Zealand – total attributable financing ($m) – distribution by fuel type (%) — Energy Sector Focus – Thermal coal ($b) – Metallurgical coal ($b) See page 40 of the attached 2020 Sustainability Performance Report. WBC_2020_sustainability_performance_report.pdf

Signed Westpac NGER Assurance Package FY20 FINAL.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Please select

Project type
Please select

Project identification
For information on our purchased carbon credits, please see Westpac's Climate Active Public Disclosure Statement 2019-20
https://www.climateactive.org.au/sites/default/files/2021-03/Westpac%202020%20Climate%20Active%20Public%20Disclosure%20Statement.pdf

Verified to which standard
Please select

Number of credits (metric tonnes CO2e)

Number of credits (metric tonnes CO2e): Risk adjusted volume

Credits cancelled
Please select

Purpose, e.g. compliance
Please select

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Other, please specify (1. Internal carbon price used to stress test institutional loans 2. A range of carbon price assumptions are used to conduct scenario analysis as part of climate change risk management 3. Budget for carbon neutral program)

GHG Scope

Scope 3

Application

Carbon neutral program Credit and lending

Actual price(s) used (Currency /metric ton)

427

Variance of price(s) used

Westpac has undertaken multiple climate change scenario analyses to understand the longer-term impacts to the Australian and New Zealand economies, including risks and opportunities of limiting global warming to less than two degrees Celsius. The carbon price range of USD20-300 (AUD29-AUD427) used in these scenario analyses is publicly available at: https://www.westpac.com.au/about-westpac/sustainability/news-resources-and-ratings/9-nov-16-climate-change-scenario-analysis-summary-released/. Since 2016, Westpac has evolved its scenario analysis and further details can be found in our Annual Reports and Sustainability Performance Reports.

Type of internal carbon price

Implicit price

Offsets

Other, please specify (1. Implied price of carbon under climate change scenarios 2. Cost of carbon offsets in carbon neutral program 3. Future carbon price scenarios in lending and risk management)

Impact & implication

Our scenario analysis have been conducted to understand the longer-term impacts on the Australian economy – including risks and opportunities for Westpac – of limiting global warming to less than two degrees Celsius above pre-industrial levels, meaning the Australian economy reaches net zero carbon emissions by 2050. The research modelled three scenarios and examined the impact of a carbon price ranging from USD20 to USD300 (AUD29-AUD435) over short, medium and long term horizons. This analysis has given Westpac a clearer understanding of growth prospects for sectors of the Australian economy and its role in actively supporting Australia's transition to a low carbon economy. This process helped inform our approach to transitional risks including the policy, legal, technology and; financial impacts related to climate change, as well as the business implications of physical risks such as changes in climate patterns and extreme weather events. It has also underpinned our new financing targets for climate change solutions which are based on an economy-wide pathway to net zero emissions by 2050. To address climate-related risks, we have sought to enhance our approach to lending to emissions intensive sectors. We support 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 have also developed additional criteria for customers in the energy sector, including specific published requirements for financing electricity generation and thermal coal. We will continue to expand the scope of this work to seek to ensure we support customers across a wider range of climate affected sectors and to respond to the wide range of community concerns on climate change.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Climate change is integrated into supplier evaluation processes

% of suppliers by number
100

% total procurement spend (direct and indirect)

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
The definition of 'suppliers' in response to this question includes the top 100 suppliers in Australia and New Zealand by spend for the 12 months ending 30 September 2020 (Top 100 Suppliers). We review suppliers in line with our Responsible Sourcing Code of Conduct through an assessment process that tailors questions to suppliers' circumstances and specific sustainability risks. In FY20, our Top 100 Suppliers were assessed to identify inherent ESG risks. Additionally, we expanded the scope of our assessment activities to suppliers in high-risk categories, outside of our Top 100 by spend.

Impact of engagement, including measures of success
The Westpac Group expects its suppliers to – measure, monitor, minimise and report material environmental impacts associated with their products and services, and from their operational footprint where relevant, including greenhouse gas emissions, air quality, energy efficiency, water and wastewater, waste and hazardous materials, biodiversity impacts, lifecycle impacts of products and services, and packaging. Suppliers are also expected to source and supply credible third-party certified products where contractually required. Westpac encourages suppliers to collaborate with us in managing climate risk and support our goals to reduce supply chain emissions. This may include having appropriate governance and oversight in place, developing a strategy to guide action and assessing for climate change risk, and measuring and disclosing any material climate related impacts. Additionally, suppliers are expected to provide their greenhouse gas emissions data for inclusion within our Scope 3 inventory as part of our climate change commitments where relevant, on an annual basis.

Comment
The Westpac Group expects its suppliers to commit to the principles, values and spirit of its Responsible Sourcing Code of Conduct (RSCoc), and adhere to these expectations within any contract agreed between itself and the Westpac Group. The RSCoC was updated in FY20 and now includes a specific section on Environmental Management and Climate Risk, see p.6 here https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/Responsible-Sourcing-Code-of-Conduct.pdf The RSCoC better supports us to manage and mitigate risks within Westpac's supply chain through an improved understanding of issues associated with specific sourcing categories, and beyond supplier risk, to incorporate commodity, sector, country and reputational risk. It focuses management effort towards material issues and impacts identified through the screening and assessment process. It includes provisions for validation and corrective and preventative actions. Suppliers are required to comply with Westpac Group processes that seek to demonstrate or validate compliance, including responding fully and honestly in relation to any requests for information, providing reasonable access to relevant documentation and supplier premises, and acting promptly on issues identified by the Westpac Group. The Responsible Sourcing Assessment process is active and integrated within market engagement processes within Australia and New Zealand. In FY20, we 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.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Compliance & onboarding

Details of engagement
Included climate change considerations in customer management mechanism

% of customers by number

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)
All of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
We seek to engage customers that are relevant to the implementation of our Climate-Change Position Statement. This states that we will guide business customers in, or reliant on, emissions-intensive and climate-vulnerable sectors to assess the financial implications of climate-related risks and opportunities in their business, including how their strategies are likely to perform under various forward-looking scenarios; and demonstrate a rigorous approach to their governance, strategy setting, risk management, and reporting on climate-related risks and opportunities. We have climate lending-criteria for customers in the coal mining, electricity generation and oil and gas sectors. We will also develop Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions, working in collaboration with our customers and industry experts.

Impact of engagement, including measures of success
We have maintained compliance with our thermal coal portfolio quality thresholds. The emissions intensity of our electricity generation portfolio is 0.25tCO2e/MWh which is on track to our 2023 target of 0.23tCO2e/MWh as at 31 March 2021.

Type of engagement
Engagement & incentivization (changing customer behavior)

Details of engagement
Offer financial incentives for customers who reduce your downstream emissions (Scope 3) and/or exposure to carbon-related assets

% of customers by number

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)
All of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
We engage customers that are relevant to the implementation of our climate-change position statement which states the following. We continue to evolve our sustainable finance approach, recognising the role financial institutions can play in facilitating the transition to a low carbon economy, and helping customers to manage the range of impacts they are likely to experience from climate change. We will support solutions and technology that accelerate the transition to a low carbon economy, aiming to provide $3.5 billion of new lending to climate change solutions by 2023, and $15 billion by 2030. We provide sustainability-linked Loans (SLL), which incentivise and reward borrowers for meeting pre-determined sustainability targets.

Impact of engagement, including measures of success
Opportunity: Our exposure to climate solutions was at $10bn (as at 31 March 2021) We facilitated $4.5 bn in funding for climate change solutions, exceeding our 2020 target of $3bn. Of the $10bn in lending to climate solutions, 42.3% was to green buildings, 34.5% to renewable energy projects and 11.7% to low carbon transport. The share of renewables in our exposure to the electricity generation sector was 75%. SLL transactions in FY20 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; - 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.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Engagement with our customers, investors, employees, government, suppliers, NGOs and communities informs our strategy and reporting. We participate in a range of multistakeholder forums including the Investor Group on Climate Change, Australian Business Roundtable for Disaster Resilience & Safer Communities, UNEP FI Principles for Responsible Banking, Australian Sustainable Finance Initiative and the Australian Climate Measurement Standards Initiative, and more.

Our approach to engagement on climate change is guided by our stakeholder engagement framework, materiality assessments and our Climate Change Position Statement. Our stakeholder engagement framework sets out Westpac Group's approach to engaging with its stakeholders to deepen its understanding of evolving expectations, priorities and concerns, to help ensure we are responding appropriately. Our materiality assessment takes on feedback obtained via stakeholder engagement, together with an assessment of industry trends, internal reports and independent research, grounded in both the Global Reporting Initiative Standards, the AA1000 AccountAbility Principles Standard (2018), and supports our assessment of impacts as required by the Principles for Responsible Banking.

Our Climate Change Position Statement and 2023 Action Plan was developed using these methods and sets out the principles and key actions to guide our priorities for climate-related engagement over a three year period. The Climate Change Position Statement sets our company specific climate-related engagement strategy, our methods of engagement, how we prioritise these engagements and how we measure our progress.

Westpac's sustainability performance is regularly benchmarked by a number of third-party ratings and awards, including the Dow Jones Sustainability Indices (DJSI), Sustainalytics and MSCI-ESG. Other measures of success can include feedback from investors; competitor benchmarking and industry ranking by independent reports; feedback from NGOs, shareholders and the nature and frequency of campaign activity. A specific example of engagement with partners in our value chain beyond suppliers and customers is the development of TCFD aligned reporting materials which feature in our financial and sustainability reporting. Westpac has expressed public support for the TCFD and has aligned its reporting to this framework to assist a wide range of partners, including investors, to engage with our climate work.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Adaptation or resilience	Support	Westpac is a member of the Australian Business Roundtable for Disaster Resilience and Safer Communities (ABR), which advocates for better policy and funding for resilience and adaptation. The ABR has delivered five research reports examining the issue of disaster resilience in Australian communities.	As articulated in the reports and press released found at: http://australianbusinessroundtable.com.au/
Other, please specify (Climate-related risks and opportunities)	Neutral	We know that the policy response to climate change, both globally and domestically, will influence the speed of the transition, the industries that will be impacted and ultimately the economic outcome. For well over a decade, Westpac has been an active participant in the development of an appropriate policy response for Australia and New Zealand, and during this time Westpac's preferred policy position has remained consistent. We will continue to provide information and insight from our experience to help drive policy outcomes aligned to net zero emissions and support an effective global response; work with peer organisations, industry groups and non-government organisations to collaborate and, where appropriate, share information; and continue to advocate for a broad market-based price on carbon, as the most effective, affordable, flexible and equitable means of achieving emissions reductions, at the least cost, across the economy.	Westpac's core position is set out in our Climate Change Position Statement supported by the Executive Team and approved by the Board. Our position: 1. An effective policy response to climate-related issues requires a suite of complementary policies. 2. These policies need to be capable of achieving the Nationally Determined Contributions (NDCs) that represent each country's committed global reductions targets in the short and medium term and give consideration to the long-term target of reducing emissions to net zero by 2050. 3. Policies should: deliver a clear framework to support the development and deployment of low-emissions technology by providing certainty over a timeline sufficient to match investment horizons which are often long-term; and include strategies to increase resilience and promote adaptation for impacted communities, companies and sectors. 4. A broad market-based price on carbon is the most effective, affordable, flexible and equitable means of achieving emissions reductions at the least cost across the economy.
Other, please specify (Climate-related risks analysis for Prudential Supervisory Activities)	Neutral	During First Half 2021, APRA (Australian Prudential Regulation Authority) commenced engagement with Westpac and other major Australian banks on its Climate Vulnerability Assessment. The Climate Vulnerability Assessment is expected to focus on stress testing material parts of Westpac's credit strategy, under two climate scenarios focussed on transition and physical risk. A qualitative assessment of operational, market and liquidity risk, and data quality is also expected. In April 2021, APRA released a draft Prudential Practice Guide – Draft CPG 229 Climate Change Financial Risks (PPG) which sets out guidance on better practice in management of climate change financial risks. The draft PPG focusses on identification, measurement, monitoring, management and reporting of climate-related risks, and the role of scenario analysis, and is broadly aligned with the recommendations of the Taskforce on Climate-related Disclosures.	The ADIs (authorised deposit-taking institutions) are engaged with APRA, directly and via the ABA on the final design of the Climate Vulnerability Assessment and have commenced preparations to respond. We will continue to evolve our approach to climate change risk management as required to align with changes in legal and regulatory requirements. We will review our current practices and future plans in light of the draft guidance for PPG, and provide feedback to APRA as part of its consultation process.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association
Business Council of Australia

Is your position on climate change consistent with theirs?
Mixed

Please explain the trade association's position
The BCA's policies on energy and climate can be found at: https://www.bca.com.au/scoping_paper_energy_and_climate_change_policy Of note, the BCA published a scoping paper in 2020 noting that it will review and update its energy and climate change policy positions. The objective of this project is to develop an updated, comprehensive energy and climate change policy package that is driven by science, technology and innovation to put Australia on a path to net-zero emissions by 2050.

How have you influenced, or are you attempting to influence their position?
Westpac is a longstanding member and participant of the BCA. Westpac employees have engaged with the BCA as part of its project to develop an updated, comprehensive energy and climate change policy package. In 2019 Westpac undertook a review of its membership of industry associations, in line with our Industry Association Principles, with a focus on climate change and energy policy, lobbying and advocacy. For our full Industry Association Review, see: https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/Westpac_Industry_Association_Review.pdf

---

Trade association
New Zealand Financial Markets Association (NZFMA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Information on the NZFMA can be found at https://www.nzfma.org/site/

How have you influenced, or are you attempting to influence their position?
WBC is on the board of the NZFMA Carbon Markets Committee and actively engaged in formulating core positions based on practical market experience.

Trade association
Investor Group on Climate Change (IGCC)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
IGCC's position on climate change and related issues can be found at: https://igcc.org.au/

How have you influenced, or are you attempting to influence their position?
Through BT's membership in the IGCC we support the development of investment practices that seek to address the risks and opportunities of climate change.

Trade association
New Zealand Sustainable Business Council (SBC)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Information on the New Zealand Sustainable Business Council can be found at https://www.sbc.org.nz/

How have you influenced, or are you attempting to influence their position?
Our General Manager Experience Hub WNZL is Co-Chair of the SBC. WNZL provided input to SBC's submissions on relevant government policy options.

Trade association
Climate Bonds Initiative

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Information on the Climate Bonds Initiative can be found at: https://www.climatebonds.net/

How have you influenced, or are you attempting to influence their position?
Through our global commitments, partnerships and participation in leading indices, surveys and awards, including the Climate Bonds Initiative we are helping frame the sustainability conversation while contributing to the development of sustainability standards.

Trade association
Australian Banking Association

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The ABA's policies on energy and climate can be found at: https://www.ausbanking.org.au/submission/position-on-climate-change/

How have you influenced, or are you attempting to influence their position?
Westpac is a longstanding member of the ABA and contributes regularly to relevant working groups and consultation on climate change matters, including the Corporate Sustainability Working Group.

Trade association

Climate Leaders Coalition (CLC)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Information on the Climate Leaders Coalition can be found at https://www.climateleaderscoalition.org.nz/

How have you influenced, or are you attempting to influence their position?
WNZL is one of 13 founding corporate members of the CLC.

Trade association
Australian Sustainable Finance Initiative (ASFI)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Information on ASFI can be found at https://www.sustainablefinance.org.au/

How have you influenced, or are you attempting to influence their position?
A number of our senior employees participate in various aspects of ASFI's activities including its steering committee and working groups.

Trade association
Australian Financial Markets Association

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
AFMA engages with regulatory and government authorities on a number of aspects of the technical design, implementation and operation of the Australian carbon market and related impacts.

How have you influenced, or are you attempting to influence their position?
Westpac has participated in policy engagement via the Carbon Markets Committee and as a member of the AFMA Electricity Committee. As an active market participant, we actively engage in formulating core positions based on practical market experience

---

Trade association
Climate Measurement Standards Initiative (CMSI)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
As an industry-led collaboration between insurers, banks, scientists, regulators, reporting standard professionals, service providers and supporting parties, the CMSI will increase/build confidence by providing standards for disclosure. The project will integrate the disciplines of climate science, hazard science, catastrophe modelling and financial modelling to provide a set of open source standards for the disclosure of climate-related physical risks for companies with financial interests in physical assets, including residential and commercial buildings or other infrastructure in Australia. More information is at https://climate-kic.org.au/our-projects/cmsi/

How have you influenced, or are you attempting to influence their position?
A number of our employees participate in various aspects of CMSI's activities including its steering committee and working groups.

Trade association
Aotearoa Circle's Sustainable Finance Forum

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Information on the Sustainable Finance Forum can be found at https://www.theaotearoacircle.nz/sustainablefinance

How have you influenced, or are you attempting to influence their position?
Our General Manager Experience Hub co chaired the first phase of the Sustainable Finance Forum publishing the Forum's Roadmap.

Trade association
New Zealand Bankers' Association (NZBA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
NZBA's position is supportive of robust climate change legislation in recognition of the urgent need of collective action. NZBA provides constructive submissions identifying areas to improve and strengthen regulation, while ensuring that NZ banks are able to comply.

How have you influenced, or are you attempting to influence their position?
We initiated the establishment of the dedicated Climate Change Working Group and continue to actively participate in discussions.

Trade association
NZ Financial Services Council

Is your position on climate change consistent with theirs?
Mixed

Please explain the trade association's position
While generally in support of climate change legislation, the group represents a wider range of views reflective of a more diverse membership.

How have you influenced, or are you attempting to influence their position?
We continue to actively participate in discussions and advocate for positions reflective of the urgent need to collective action across the entire financial system.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Westpac is a member of, and participates in, a number of industry associations. Participating in these associations provides the Group opportunities to engage with other businesses and organisations, share insights, support advocacy, and consider and discuss potential industry standards.

We have principles for engagement with key industry associations where we are a member which include:

- We generally seek broad alignment with the policy positions and any advocacy/lobbying

- Membership does not preclude Westpac from taking different policy positions to those associations, particularly where we believe that our position is in the best interests of our customers, shareholders, employees and the economy more broadly

- When our position varies significantly to an industry association, we engage directly

- We regularly review our memberships of industry associations to seek to ensure our participation meets the expectations of our broader stakeholders.

Through our Sustainability and Government & Industry Relations teams, we will continue to monitor our memberships for future evidence of significant differences on policy and advocacy; regularly assess our membership in relation to our Industry Association Principles, and outcomes arising from our engagement; and disclose our approach to industry associations and alignment on climate change as part of our annual sustainability reporting.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports, in line with the CDSB framework (as amended to incorporate the TCFD recommendations)

Status
Complete

Attach the document
WBC_2020_sustainability_performance_report.pdf
Climate Change Position Statement and 2023 Action Plan.pdf
WBC ASX 1H21 Results.pdf
Westpac_AU_2020_Annual_Report.pdf

Page/Section reference
1H21 - Half Year Results - pages 51 to 53 2020 Annual Report - pages 46 to 51 2020 Sustainability Performance Report - pages 30 to 36

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In other regulatory filings

Status
Complete

Attach the document
1H21_WBC_Presentation_and_IDP.pdf

Page/Section reference
Committed actions to climate change (p46 to 48),

Content elements
Governance
Strategy
Emissions figures
Emission targets
Other metrics

Comment

Publication
In other regulatory filings

Status
Complete

Attach the document
WBC ASX 1H21 Results.pdf

Page/Section reference
Climate related financial disclosures (p51 and 52), Metrics and Targets (p53), Risk Factors – climate change (p87 and 88)

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
Climate Change Position Statement and 2023 Action Plan.pdf

Page/Section reference
All

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication
In other regulatory filings

Status
Complete

Attach the document
2020_Climate_Active_Public_Disclosure_Statement.pdf

Page/Section reference
Climate Active Public Disclosure Statement, containing information on emissions figures, emission targets, and other metrics.

Content elements
Emissions figures
Emission targets
Other metrics

Comment

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Equator Principles Principles for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD) UNEP FI Principles for Responsible Banking	See https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/ic/1H21_WBC_Presentation_and_IDP.pdf page 111 See also https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/WBC-climate-change-position-statement-2023.pdf page10
Industry initiative	Principles for Responsible Investment (PRI) UNEP FI Principles for Responsible Banking Banking Environment Initiative Climate Action 100+ Climate Bonds Initiative Partner Programme Soft Commodities' Compact UNEP FI	See https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/ic/1H21_WBC_Presentation_and_IDP.pdf page 111 See also https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/WBC-climate-change-position-statement-2023.pdf page10
Commitment	Other, please specify (Climate Active (carbon neutral certification) ,RE100 ; Global Investor Coalition Statement on Climate Change)	See https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/ic/1H21_WBC_Presentation_and_IDP.pdf page 111 See also https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/WBC-climate-change-position-statement-2023.pdf page10

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	Yes	Alternative carbon footprinting and/or exposure metrics (as defined by TCFD	For our scope 3 emissions (primarily comprising emissions in our lending portfolio), we conduct analysis of our lending portfolios to understand the profile of the financed emissions to identify the material customer sectors. We used publicly available average emissions factors for Australian homes and generic emissions factors for industry sectors. Westpac reports the emissions intensity (tCO2e/MWh) of our Australian electricity generation portfolio. In FY20, we reported the credit quality and tenor of our Australian Business and Institutional portfolio exposed to sectors which by 2050 may face relatively higher growth constraints under a 1.5-degrees transition scenario. In FY20, we also reported our lending to the energy sector value chain for Westpac Institutional Bank. Since 2018, we have published disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS14.1a

(C-FS14.1a) What are your organization's Scope 3 portfolio emissions? (Category 15 "Investments" total emissions)

Category 15 (Investments)

Evaluation status
Relevant, calculated

Scope 3 portfolio emissions (metric tons CO2e)

Portfolio coverage
More than 80% but less than or equal to 90%

Percentage calculated using data obtained from client/investees

Emissions calculation methodology
This analysis used publicly available average emissions factors for Australian homes and generic emissions factors for industry sectors in our lending portfolio. 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.

Please explain
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, recognising that our financing activity must align with activities that support efforts to keeping a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius. The Group has conducted preliminary analysis of its lending portfolios to understand the profile of its scope 3 financed emissions in 2020. The results of the analysis showed that the material customer sectors are utilities, mining, agribusiness, property, residential mortgages, manufacturing and transport. Westpac will continue to refine its approach to measuring portfolio scope 3 emissions in line with its commitment to develop financing strategies to support the transition to a low carbon economy. Our focus on the energy system recognises its critical role in the transition to a low carbon economy. Given their significant contribution to emissions, we have set criteria for mining and electricity generation financing activities. This includes managing our thermal coal portfolio in line with a commitment to reduce our exposure to zero by 2030 and seeking to ensure our financing for the electricity generation sector supports Paris-aligned transition pathways to a net zero emissions economy by 2050 including by reducing the emissions intensity of our exposure in line with the following targets: 0.23t CO2e/MWh by 2025; and 0.18t CO2e/MWh by 2030.

C-FS14.1b

(C-FS14.1b) What is your organization's Scope 3 portfolio impact? (Category 15 "Investments" alternative carbon footprinting and/or exposure metrics)

Metric type
Other, please specify

Metric unit
Percentage portfolio value

Scope 3 portfolio metric

Portfolio coverage
More than 80% but less than or equal to 90%

Percentage calculated using data obtained from clients/investees

Calculation methodology
This 2020 analysis used publicly available average emissions factors for Australian homes and generic emissions factors for industry sectors. 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.

Please explain
The Group has conducted preliminary analysis of its lending portfolios (including Australian mortgage lending, SME and corporate loans) to understand the profile of its scope 3 financed emissions in 2020. The results of the analysis showed that the material customer sectors are utilities, mining, agribusiness, property, residential mortgages, manufacturing and transport. Westpac will continue to refine its approach to measuring portfolio scope 3 emissions in line with its commitment to develop financing strategies to support the transition to a low carbon economy. The results of this analysis informed our Climate Change Position Statement and 2023 Action Plan, where in addition to the criteria for the energy system and agribusiness we expect to include property, manufacturing and transport in our future work on sector-based approaches. We are committed to developing Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions, working in collaboration with our customers and industry experts and providing annual updates on progress.

Metric type
Weighted average carbon intensity

Metric unit
Other, please specify (tCO2e/MWh)

Scope 3 portfolio metric
0.25

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from clients/investees

Calculation methodology
Emissions data is sourced from the Australian National Greenhouse and Energy Reporting data for customers as appropriate. Emissions from each power generator is apportioned to our lending to the customer.

Please explain
We recognise that the reduction of the emission intensity of electricity networks is critical for the economy to reach net zero emissions by 2050. We have set targets that aim to ensure our financing for the electricity generation sector supports Paris-aligned transition pathways to a net zero emissions economy by 2050 including by reducing the emissions intensity of our exposure in line with the following targets: 0.23t CO2e/MWh by 2025; and 0.18t CO2e/MWh by 2030. We annually report progress against our targets. At 30 September 2020, the emission intensity of the electricity generation portfolio was 0.25 tCO2e/MWh.

Metric type
Exposure to carbon-related assets

Metric unit
Percentage portfolio value

Scope 3 portfolio metric
2.5

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from clients/investees
100

Calculation methodology
The share (%) of our current Australian Business and Institutional portfolio exposed to sectors which by 2050 may face relatively higher growth constraints under a 1.5-degrees transition scenario is 2.5% as at 31 March 2021.

Please explain
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'. Under a 1.5-degree transition scenario, the identified sectors that may face relatively higher growth constraints are: - Petroleum and coke products - Coal mining - Oil and gas extraction - Gas distribution - Airlines

---

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?

	Scope 3 breakdown	Comment
Row 1	Yes, by asset class Yes, by industry Yes, by country/region	The Group has conducted preliminary analysis in 2020 of its lending portfolios (including Australian mortgage lending, SME and corporate loans) to understand the profile of its scope 3 financed emissions. The results of the analysis showed that the material customer sectors are utilities, mining, agribusiness, property, residential mortgages, manufacturing and transport.

C-FS14.2a

(C-FS14.2a) Break down your organization’s Scope 3 portfolio impact by asset class.

Asset class	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Corporate/SME loans	Total carbon absolute emissions (CO2e)	Percentage portfolio value		The Group has conducted preliminary analysis of its lending portfolios to understand the profile of its scope 3 financed emissions in 2020. This analysis used generic emissions factors for industry sectors. 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. We will seek to develop Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions. We will continue to expand the scope of our reporting.
Mortgages	Total carbon absolute emissions (CO2e)	Percentage portfolio value		The Group has conducted preliminary analysis of its lending portfolios to understand the profile of its scope 3 financed emissions in 2020. This analysis used publicly available average emissions factors for Australian homes. This analysis uses the Partnership for Carbon Accounting Financials principles. 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. We will seek to develop Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions. We will continue to expand the scope of our reporting.
Corporate/SME loans	Please select	Other, please specify (tCO2e/MWh)	0.25	We have set targets to ensure our financing for the electricity generation sector supports Paris-aligned transition pathways to a net zero emissions economy by 2050 including by reducing the emissions intensity of our exposure in line with the following targets: 0.23t CO2e/MWh by 2025; and 0.18t CO2e/MWh by 2030. At 30 September 2020, the emission intensity of the electricity generation portfolio was 0.25 tCO2e/MWh. We annually report progress against our targets.
Corporate/SME loans	Other, please specify (Transition risk scenario analysis)	Percentage portfolio value	2.5	The share (%) of our current Australian Business and Institutional portfolio exposed to sectors which by 2050 may face relatively higher growth constraints under a 1.5-degrees transition scenario is 2.5% as at 31 March 2021. 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’. Under a 1.5-degree transition scenario, the identified sectors that may face relatively higher growth constraints are: - Petroleum and coke products - Coal mining - Oil and gas extraction - Gas distribution - Airlines

C-FS14.2b

(C-FS14.2b) Break down your organization’s Scope 3 portfolio impact by industry.

Industry	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Transportation	Exposure to carbon-related assets	Percentage portfolio value	0.5	The share (%) of our current Australian Business and Institutional portfolio exposed to air transport sector which by 2050 may face relatively higher growth constraints under a 1.5-degrees transition scenario is 0.5% as at 30 Sep 2020. 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’. Under a 1.5-degree transition scenario, the identified sectors that may face relatively higher growth constraints are: - Petroleum and coke products - Coal mining - Oil and gas extraction - Gas distribution - Airlines
Other, please specify (Coal Mining)	Exposure to carbon-related assets	Percentage portfolio value	0.2	The share (%) of our current Australian Business and Institutional portfolio exposed to coal mining sector which by 2050 may face relatively higher growth constraints under a 1.5-degrees transition scenario is 0.2% as at 30 Sep 2020. 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’. Under a 1.5-degree transition scenario, the identified sectors that may face relatively higher growth constraints are: - Petroleum and coke products - Coal mining - Oil and gas extraction - Gas distribution - Airlines
Utilities	Weighted average carbon intensity	Other, please specify (tCO2e/MWh)	0.25	We have set targets to ensure our financing for the electricity generation sector supports Paris-aligned transition pathways to a net zero emissions economy by 2050 including by reducing the emissions intensity of our exposure in line with the following targets: 0.23t CO2e/MWh by 2025; and 0.18t CO2e/MWh by 2030. We annually report progress against our targets. At 30 September 2020, the emission intensity of the electricity generation portfolio was 0.25 tCO2e/MWh.
Utilities	Exposure to carbon-related assets	Percentage portfolio value	0.7	The share (%) of our current Australian Business and Institutional portfolio exposed to gas distribution sector which by 2050 may face relatively higher growth constraints under a 1.5-degrees transition scenario is 0.7% as at 30 Sep 2020. 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’. Under a 1.5-degree transition scenario, the identified sectors that may face relatively higher growth constraints are: - Petroleum and coke products - Coal mining - Oil and gas extraction - Gas distribution - Airlines
Energy	Exposure to carbon-related assets	Percentage portfolio value	1	The share (%) of our current Australian Business and Institutional portfolio exposed to oil and gas extraction sector which by 2050 may face relatively higher growth constraints under a 1.5-degrees transition scenario is 1.0% as at 30 Sep 2020. 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’. Under a 1.5-degree transition scenario, the identified sectors that may face relatively higher growth constraints are: - Petroleum and coke products - Coal mining - Oil and gas extraction - Gas distribution - Airlines
Other, please specify (Petroleum and coke products)	Exposure to carbon-related assets	Percentage portfolio value	0.9	The share (%) of our current Australian Business and Institutional portfolio exposed to petroleum and coke products sector which by 2050 may face relatively higher growth constraints under a 1.5-degrees transition scenario is 0.9% as at 30 Sep 2020. 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’. Under a 1.5-degree transition scenario, the identified sectors that may face relatively higher growth constraints are: - Petroleum and coke products - Coal mining - Oil and gas extraction - Gas distribution - Airlines

C-FS14.2c

(C-FS14.2c) Break down your organization’s Scope 3 portfolio impact by country/region.

Country/Region	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Australia	Weighted average carbon intensity	Other, please specify (tCO2e/MWh)	0.25	We have set targets to ensure our financing for the Australian electricity generation sector supports Paris-aligned transition pathways to a net zero emissions economy by 2050 including by reducing the emissions intensity of our exposure in line with the following targets: 0.23t CO2e/MWh by 2025; and 0.18t CO2e/MWh by 2030. At 30 September 2020, the emission intensity of the electricity generation portfolio was 0.25 tCO2e/MWh. We annually report progress against our targets.

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	Yes	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. 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. Our approach to financing emissions-intensive sectors is grounded in the principles, benchmarks and underwriting standards established in our Board approved Climate Change Position Statement and 2023 Action Plan (CCPS). The CCPS also includes how we provide financial services, support communities, operate our facilities, engage on matters of policy, and contribute to industry initiatives. The CCPS states that 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, recognising that our financing activity must align with activities that support efforts to keeping a global temperature rise this century to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius. We continue to evolve our sustainable finance approach, recognising the role financial institutions can play in facilitating the transition to a low carbon economy, and helping customers to manage the range of impacts they are likely to experience from climate change. The CCPS specifies our actions for sustainable finance and sets out criteria for lending to emissions-intensive and climate-vulnerable sectors.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	Yes, for some	Our CCPS sets 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. Given their significant contribution to emissions, we have set criteria for mining and electricity generation financing activities. This includes managing our thermal coal portfolio in line with a commitment to reduce our exposure to zero by 2030 and ensuring our financing for the electricity generation sector supports Paris-aligned transition pathways to a net zero emissions economy by 2050 including by reducing the emissions intensity of our exposure in line with the following targets :0.23t CO2e/MWh by 2025; & 0.18t CO2e/MWh by 2030. In line with our Agribusiness Position Statement we seek to support customers to meet the challenge of both transition and physical risks associated with climate change, to maximise opportunities to reduce emissions arising from the adoption of new technologies and farming techniques; and how we can continue to support our customers to respond. In 1H21,we completed an initial study of how global oil and gas demand might perform when carbon emissions are constrained in line with 'well-below' 2-degree & 1.5-degree transition pathways. Based on our initial findings we have updated our approach and internal ESG criteria by which climate-related risks/opportunities are assessed in the oil and gas sector, with a focus on WIB's oil & gas exploration, production & refining customers. Our updated approach means we will: - expect any new oil & gas exploration, production & refining customers, to whom we provide lending, to have publicly disclosed Paris-aligned business goals; - continue to support existing customers(particularly via sustainable finance structures)to develop Paris-aligned financing strategies using our internal ESG criteria to guide our approach; - continue to develop our approach and understanding of climate-related risk & opportunities in the oil & gas sector(including downstream segments) through engagement with our customers.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	Yes, for some	Our Climate Change Position Statement and 2023 Action Plan (CCPS) re-affirms our commitment to the Paris Agreement and the need to transition to a net zero emissions economy by 2050. The first action in the CCPS is to help customers and communities respond to climate change. To help business customers, we provide a range of innovative sustainable finance structures including green deposits, green bonds and sustainability-linked loans. As stated in our CCPS, we will support solutions and technology that accelerate the transition to a low carbon economy, aiming to provide $3.5 billion of new lending to climate change solutions by 2023, and $15 billion by 2030. We will engage customers, particularly those operating in the most emissions intensive and climate-vulnerable sectors, to develop financing strategies that can support their response to climate change impacts, with a focus on our largest and most material customer relationships. We will also develop Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions, working in collaboration with our customers and industry experts and providing annual updates on progress.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Group Head of Sustainability	Environment/Sustainability manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms