

21 01 2022

Secretariat
UN Global Compact

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

This Communication on Progress (CoP) outlines how Westpac has continued to implement the UN Global Compact (UNGC) Principles during 2021, reflecting our continued support for the Compact. The key elements of our CoP are included across our [2021 reporting suite](#), specifically in Westpac's [2021 Annual Report](#), [2021 Sustainability Supplement](#) and [2021 Sustainability Appendix](#). Our sustainability reporting has been prepared and independently assessed in line with the Global Reporting Initiatives' (GRI) Standards 2016 (Comprehensive). This is our fourth year of disclosure in line with the recommendations of the Taskforce on Climate-related Disclosures (TCFD) and we continue to map our reporting to the Sustainability Accounting Standards Board (SASB), the UN Guiding Principles on Business and Human Rights (UNGPs) and the UN Environment Programme Finance Initiative (UNEP-FI)'s Principles for Responsible Banking (PRBs).

This year, reflecting the increased urgency for all our stakeholders, we have elevated our management of climate change to a strategic priority for the company. This has been backed with Board-approved initiatives that will strengthen our actions, accelerate our understanding, and clarify our plans to support the transition to a net zero emissions economy by 2050.

In December 2020, we released our refreshed Sustainability Strategy outlining our sustainability priorities for the next three years. These priorities are centered around how we can best serve our customers, communities and nation, and contribute to solving global challenges. In 2021, we reported against our [2021-2023 Sustainability Strategy](#) for the first time, making progress against our committed measures.

Highlights of our performance in the financial year ending 30 September 2021 that support our Sustainability Strategy and the UNGC principles include:

- \$1.9 billion of new lending to climate change solutions towards target of \$3.5 billion by 2023 and \$15 billion by 2030. Total committed exposure to climate change solutions was \$10.9 billion as at 31 September 2021;
- continued to develop Paris-aligned financing strategies and portfolio targets, particularly for sectors representing the majority of our financed emissions, with a focus on oil and gas, metals and mining sectors;
- played a lead role in the coordination of a sustainability-linked loan tied to reconciliation outcomes. The \$300 million loan for NSW Land Registry Services includes metrics such as development of a Reconciliation Action Plan, as well as greenhouse gas emissions reduction and gender diversity;
- issued a EUR1 billion green Tier 2 bond, tapping into strong demand for green investment products among European investors. Proceeds from the transaction are expected to be used to finance or refinance projects such as renewable energy (solar and wind), green buildings, and low carbon rail transport;
- provided \$12.1 million in funding to the overall Safer Children, Safer Communities work program (as part of our commitment to invest up to \$10 million per year for three years), of which \$9.2 million was committed over three years to 26 organisations in Australia through our grants program;
- spent \$11.6 million with diverse suppliers, including \$1.6 million with Indigenous-owned businesses;
- updated our Responsible Sourcing Program, including stronger management and monitoring

processes, to take a greater risk-based approach. This included third party validation of industry risk profiles, refreshed Supplier Assessment tool and development of action plans for suppliers to further address ESG risks in our supply chain;

- Westpac Scholars Trust¹ awarded \$4.3 million in educational scholarships to the next 100 Westpac Scholars, bringing the total amount awarded in the first five years to \$31 million, including university co-funding;
- Westpac Foundation² awarded \$1.95 million in job creation grants and \$1 million in community grants to 100 local organisations helping Australians become job-ready through education, training and employment opportunities within their communities; and
- joined the investor-led '40:40 Vision' initiative to achieve 40:40:20 gender balance by 2030 for the Executive Team. As part of this commitment, we set clear interim targets of 30% female representation by 2023 and 35% by 2027. We have also agreed the target of 40:40:20 gender balance for Board members and by the end of calendar year 2021 our female representation was 40%. In addition, we reinforced our target of 50% Women in Leadership across the Group - an objective we have constantly achieved for the last five years.

Over the course of the year, we also introduced a number of new or revised frameworks, strategies, policies and positions that help us to drive further progress against the UNGC principles, including:

- established a CEO-led Group ESG and Reputation Committee that oversees our [Climate](#) and [Human Rights](#) Action plans, and wider agenda on ESG;
- completed analysis of our [financed emissions](#) across our Australian institutional, business and residential mortgages lending portfolios³;
- published our fifth [Modern Slavery Statement](#), and the first under the requirements of the *Australian Modern Slavery Act 2018* (Cth);
- completed our annual review of our most salient human rights issues;
- published our new [Supplier Inclusion & Diversity Principles](#);
- refreshed the Group's [Inclusion and Diversity Policy](#), including a focus on women in leadership, cultural diversity and Indigenous representation;
- launched our [2021-2024 Access and Inclusion Plan](#);
- developed an updated [Defence Sector Position Statement](#); and
- updated our [Anti-Bribery & Corruption Policy](#).

In 2022 we will be publishing our fifth Reconciliation Action Plan, which outlines specific commitments towards equitable economic participation and reducing barriers for Aboriginal and Torres Strait Islander customers, communities and employees. Reflecting on lessons learnt over prior years, listening, sharing and collaborating have been central themes as we set out our next areas of focus.

We take seriously our commitment to running our business in a sustainable way - supporting the communities we operate in, behaving ethically, meeting our regulatory requirements, and contributing more broadly to important issues such as climate change and human rights.

We will continue to be actively involved within the UN Global Compact Network Australia and explore opportunities for collaboration with the business community, civil society and government towards more sustainable outcomes.

For further information regarding this assessment, please email sustainability@westpac.com.au.

Yours sincerely,



Siobhan Toohill
Group Head of Sustainability
Westpac Banking Corporation

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

² Westpac Foundation is administered by Westpac Community Limited (ABN 34 086 862 795) as trustee for Westpac Community Trust (ABN 53 265 036 982). The Westpac Community Trust is a Public Ancillary Fund, endorsed by the ATO as a Deductible Gift Recipient. None of Westpac Foundation, Westpac Community Trust Limited nor the Westpac Community Trust are part of Westpac Group. Westpac provides administrative support, skilled volunteering, donations and funding for operational costs of Westpac Foundation.

³ The analysis included on-balance sheet lending and lines of credit for Australian institutional and business lending and Australian residential mortgages. Refer to [Westpac 2021 Financed Emissions Methodology](#) on our website for more information.