

# Financing Tobacco Position Statement

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## Purpose

This position statement outlines our approach and guidance regarding our position on the responsible provision of financial services to companies involved in the tobacco industry<sup>1</sup>.

## Background

Westpac recognises that the tobacco industry is a high risk sector. It is subject to regulatory uncertainty and litigation risk. There are also sensitivities within the community in regard to tobacco growing, manufacturing, marketing, wholesaling and distribution.

## Scope

This policy applies to:

**Business Units:** All business units in all jurisdictions where Westpac operates.<sup>2</sup>

**Customers:** All customers regardless of the size or materiality of those activities relative to its operations.

**Products:** All finance activities including debt, financial markets, transactional services and other related financial services.<sup>3</sup>

## Our position

- Westpac will not provide finance for the purposes of growing tobacco or manufacturing tobacco-based products.
- Westpac expects its customers involved in the marketing, wholesaling and distribution of tobacco products to comply with all relevant regulatory frameworks.

## Our approach

As a responsible lender Westpac seeks to:

- Identify and manage sensitive finance or lending decisions which may generate concern. Westpac has a governance and escalation process that considers all relevant risks associated with a transaction, including stakeholder and community concerns and broader sustainability risks.
- Engage with our customers to find practical solutions which manage these potential sustainability risks and sensitivities.

## Escalation and Approval

Policy exceptions must be escalated to the divisional Chief Risk Officer and the Divisional Business Head for approval in line with the Approval and Escalation requirements in the ESG Credit Risk Policy. Depending on the materiality, further consultation may also be required.

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<sup>1</sup> Manufacturing, marketing, wholesaling and distribution of tobacco-based products.

<sup>2</sup> Also refer to BT Financial Group's responsible investment position statement on growing and production of tobacco <https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-responsible-investment-position-statement.pdf> page 4.

<sup>3</sup> Applying to all new transactions from September 2011.

## Governance

This policy will be reviewed every two years for approval by the Head of Credit Policy, , Credit Risk and the General Manager, Corporate Affairs and Sustainability. Where material amendments are proposed, Group Executive Team approval is also required.

## Additional information

- Divisional ESG Credit Risk Policy and Guidance Notes as applicable.
- Relevant Framework documents including the Credit Risk Management Framework, Sustainability Risk Management Framework and the Reputation Risk Management Framework.