

our framework

Stakeholder Engagement

April 2015

This 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.

Purpose

Westpac's vision is to be one of the world's great service companies, helping our customers, communities and people to prosper and grow. Key to our achievement of this vision is the need to engage with our stakeholders in an ongoing dialogue, to deepen our understanding of what our stakeholders expect of us, and to communicate with them on how we are responding to their priorities and concerns.

The Westpac Group Stakeholder Engagement Framework sets out how we do this – including how we identify and prioritise our stakeholders, the mechanisms we use for engagement, how we ensure that our stakeholders are able to engage with us in a meaningful way, and how we communicate with our stakeholders on a regular basis on our performance in meeting their needs.

Scope of the framework

The Stakeholder Engagement Framework is relevant for all parts of Westpac Group. Its

principles are applied at both an enterprise-wide and a local level where appropriate.

Objective of stakeholder engagement

Westpac Group considers stakeholder engagement as important for a number of reasons including:

- Ensuring we have a good understanding of the views of our stakeholders;
- Understanding what our stakeholders expect from our organisation;
- Informing our understanding of the risks and opportunities for our organisation;
- Ensuring that we understand emerging trends and sensitive issues;
- Informing the development of our strategy;
- Informing the ways in which we communicate with our stakeholders; and
- Fostering the development of positive, trust-based stakeholder relationships.

Identifying our stakeholders

Westpac stakeholders will typically include the following categories:

- Customers;
- Employees;
- Investors;
- Suppliers;
- Government (at all levels);
- Regulators;
- Non-governmental Organisations (including interest and campaign groups as well as environment and community partners);
- Media;
- The communities in which we operate; and
- Peers.

In line with the AA1000 Stakeholder Engagement Standard, Westpac undertakes ongoing monitoring of market developments and external interaction to identify its stakeholders – typically individuals or groups with the following attributes:

- Dependency – groups or individuals who are directly or indirectly dependent on Westpac’s activities, products or services and associated performance, or on whom Westpac is dependent in order to operate;

- Responsibility – groups or individuals to whom Westpac has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities;
- Tension – groups or individuals who need immediate attention from Westpac with regard to financial, wider economic, social or environmental issues;
- Influence – groups and individuals who can have impact on Westpac’s or a Westpac stakeholder’s strategic or operational decision-making;
- Diverse perspectives – groups and individuals whose different views could lead to a new understanding of the situation and the identification of opportunities for action that may not otherwise occur; or
- Representation – stakeholders who, through regulation, custom, culture or reputation, can legitimately claim to represent any of these interests as well the interests of the voiceless such as future generations and the environment.

Understanding our stakeholders

At the highest level, and in accordance with the AA1000 Stakeholder Engagement Standard, we seek to understand the profile of our key stakeholders, which may include attributes such as their:

- Type (government, NGO etc.);
- Geographical scale of operation;
- Expectations of engagement with Westpac;
- Key issues of concern;
- Existing relationship with Westpac ;
- Level of influence;

- Dependence (or otherwise) on Westpac;
- Capacity to engage (e.g. language barriers, IT literacy, disability);
- Legitimacy; and
- Relationships with other stakeholders.

We use this information to assist the Group to ensure an equitable and balanced approach is taken to engaging with our stakeholders and representing their views e.g. ensuring that those with a strong interest but a quieter voice are included equitably in the engagement process.

Method of engagement

All senior leaders at Westpac play a key role in engaging with our stakeholders.

At a Group level our Corporate Affairs and Sustainability, Investor Relations, Regulatory Affairs and Human Resources teams have overt responsibility for engaging with key stakeholder groups.

At a local level, our relationship managers across Westpac Group continue to identify and engage with stakeholders in both formal and informal ways.

The method of engagement will vary depending on the stakeholder, the issues of concern and the purpose of engagement, and will be best selected to meet the needs, capacity and expectations of the relevant stakeholders.

Examples of these engagement mechanisms are included below:

- Customers – ongoing tracking and analysis of feedback and complaints received via: our call centres and online; surveys; focus groups; social media (including WestpacSustain); mystery shopping; and, local engagement by branch teams and relationship managers;
- Employees – monthly employee surveys, biennial Diversity and Flexibility Survey; annual Group Communications Survey, annual Community Engagement Survey and other Foundation surveys, blogs, Mix and Yammer (internal social media platforms), biannual People Leader Forums, and ongoing team meetings;
- Investment community – surveys, briefings, meetings with investors, and questions received prior to and during Annual General Meetings;

- Suppliers – risk assessments, Codes of Conduct and questionnaires (at commencement and three yearly), occasional supplier forums and ongoing meetings with individual suppliers;
- NGOs – regular meetings and phone calls; written correspondence related to key issues; social media monitoring.
- Broader community – ongoing dialogue with community partners, ongoing local branch engagement, organisational mentoring and volunteering / secondments, periodic involvement in ‘Acceleration zones’ and workshops; and
- Government and regulators – policy trend analysis, industry forums, submissions, reform proposals, reviews and meetings.

In addition to our ongoing program of engagement, we hold an annual ‘AZone’ - a collaborative ‘Acceleration Zone’ workshop bringing together internal and external stakeholders, including subject matter experts, to identify and prioritise emerging issues and refine our priorities and targets – particularly informing the evolution of our Sustainability Strategy.

In relation to NGOs, including activist groups, we take a positive and proactive approach to engaging through regular meetings, with a view to understanding perspectives and evolving our approach to underlying issues. We also respond promptly to all written correspondence.

We endeavour to provide effective methods of engagement, and seek to identify and remove any barriers that may be preventing a relevant party from receiving equal representation (e.g. by providing language translations of key engagement materials).

Supporting effective engagement

As set out in our [Principles for Doing Business](#), we aim to manage risks and opportunities across our business in a way that best balances the long term needs of all our stakeholders – our customers, employees, investors, suppliers and the community and environment at large.

We recognise that a range of issues can occur which limit the success of stakeholder engagement. In particular these include: conflict or competing interests between participating stakeholders; lack of balance between weak and strong stakeholders; and disruptive stakeholders. By understanding our stakeholders and using a variety of engagement methods we seek to mitigate these issues and ensure balance between stakeholders.

From time to time, we encounter issues where our stakeholders have divergent or conflicting issues. In these circumstances, we seek to engage with all relevant stakeholders in order to understand these different and competing needs or expectations so that we may determine a balanced and appropriate response.

We apply our Principles for Doing Business, our Sustainability Risk Management Framework, and our Reputation Risk Management Framework, in evaluating and making decisions in relation to issues specific to the needs and expectations of our stakeholders. Our Sustainability and Reputation Risk Management Frameworks outline roles and responsibilities for identifying, managing and monitoring sustainability, Environmental Social and Governance (ESG) and reputation risks – including responsibilities for escalation and approval where sensitive issues create material risks for Westpac.

Westpac also has a Sustainability Council, comprising representatives predominantly at a General Manager level from across the Group, playing an important role in reviewing current and emerging sustainability issues, and assisting with the identification of gaps to leading practice, risks and opportunities, including where stakeholder engagement risks. Proposals and issues may be escalated to the Executive Team and Board as required.

Assessing the materiality of sustainability issues

Group Sustainability reviews regular reports, surveys and updates to understand the material issues raised by our stakeholder groups. Our

Sustainability Council reviews and prioritises our identified material issues at least on an annual basis.

Measuring the success of stakeholder engagement

At a Group-wide level, the success of our stakeholder engagement is monitored based on reputational risk (which arises where there are differences between stakeholders' current and emerging perceptions, beliefs and expectations relative to our current planned activities, performance and behaviours) using a range of indicators.

In addition, we conduct regular perceptions audits and other forms of relevant research among key stakeholders to seek direct

feedback on the effectiveness of our engagement with them. This includes monthly customer analysis, annual media perceptions audits and semi-annual investor perceptions audits.

At a local level, different indicators may be chosen to measure the success of stakeholder engagement dependent on the intended outcomes of that engagement and will be determined on a case by case basis.

Communicating the results of stakeholder engagement

As outlined in our Principles for Doing Business, at a Group-wide level we outline how we have demonstrated our performance each year through our financial and non-financial reporting in our Annual Review and Sustainability Report.

This includes a review of our key stakeholders, an indication of the issues

which have emerged as being of most concern to these stakeholders during the reporting year, and the methods of engagement used for each stakeholder group.

At a local level, alternative methods of communication may be chosen as appropriate based on the attributes and needs of the relevant stakeholder group.