

Westpac Group Supplier Inclusion & Diversity Policy

May 2016

Our Supplier Inclusion & Diversity Policy

Purpose

As a business we seek to embrace societal demographic changes by being more inclusive and diverse and strengthen financial resilience across our community.

This aspiration extends to how we buy goods and services. This Supplier Inclusion & Diversity Policy sets out our approach to encouraging and embedding inclusion and diversity into our supply chain.

Our goals are to:

- Increase opportunities for a more diverse range of suppliers who have traditionally been underrepresented in our community and economy to provide us with goods and services
- Encourage all of our suppliers to value inclusion and diversity within their own operations.

Our desired business and social outcomes include:

- Improved financial inclusion and economic participation by diverse suppliers, particularly small to medium sized enterprises who have traditionally been underrepresented in our economy
- Influencing our suppliers and contractors to increase their ability to drive inclusion and growth in their organisations and communities.

Who has this policy been designed for?

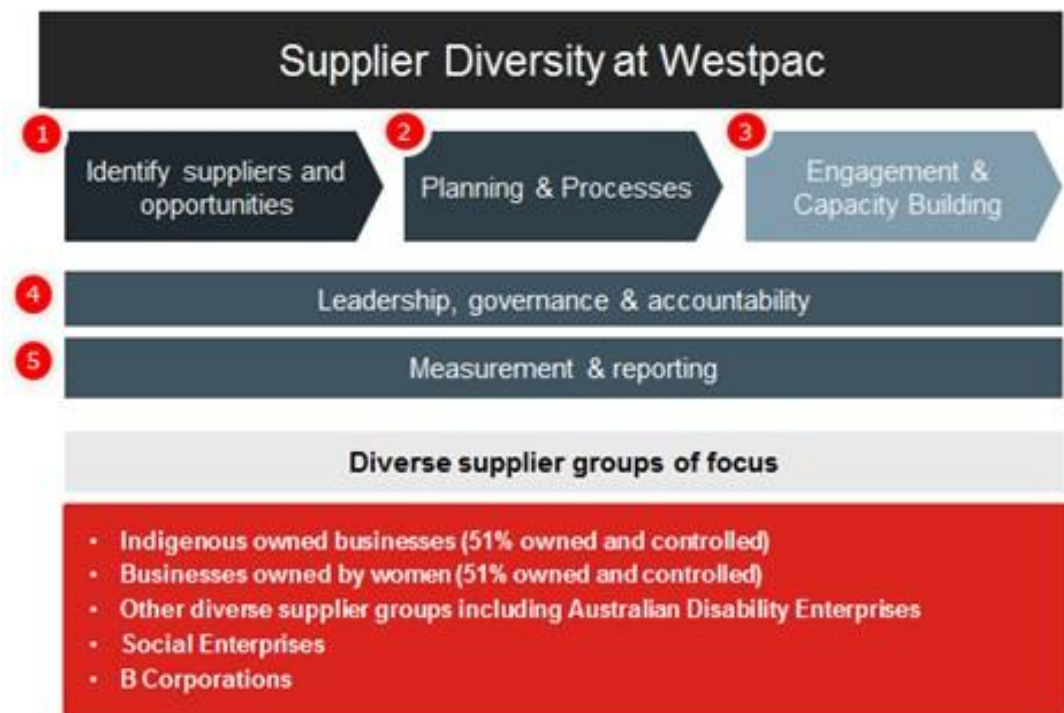
This Policy focuses on:

- Westpac Group staff involved in the sourcing and procurement of goods and services
- Existing suppliers and contractors to Westpac
- New suppliers seeking to engage with Westpac that meet our desired business and social outcomes.

This Policy currently applies to Westpac's Australian businesses.

Our approach

Westpac's approach to supplier diversity comprises five key elements.



Identifying suppliers and opportunities

We encourage increased opportunity for the following diverse suppliers:

- Indigenous owned businesses (at least 51% owned and controlled)
- Businesses owned by women (at least 51% owned and controlled)
- Other diverse supplier groups including Australian Disability Enterprises
- Social Enterprises
- B Corporations

We see these suppliers as most closely aligning with Westpac's existing priorities and commitments, including our work to support Indigenous businesses, Women's markets and the Social Enterprise sector.

We recognise that there are opportunities to expand and review these groups of focus.

The inclusion of additional under-represented or diverse suppliers will be considered during our triennial review of this Policy.

Wherever possible and applicable, we seek third party certification and/or recognition that validates the diverse status of the supplier. In addition to this, Westpac reserves the right to seek independent assurance that the business is a supplier of focus.

Our procurement portfolio areas are detailed below. We seek to identify opportunities within categories with the highest potential to incorporate and include diverse suppliers.

Westpac procurement portfolio areas

Products, Marketing & Digitisation:

- Includes customer loyalty, schemes and cards, event management, marketing services, media, market research, mail and sponsorship

Operations and Property :

- Includes security, facilities maintenance, catering, utilities, valuations, settlements, freight, travel, entertainment, conferences, information services, office suppliers

Workforce Enablement, Services & Wealth

- Includes recruitment, training, wardrobe, staff wellbeing services, legal and consulting, insurance and superannuation

IT and telecommunications

- Includes professional IT services, business process outsourcing, application services and infrastructure

Our aim is to integrate suppliers into the tier where it makes best sense for our and their business. Whilst there are sourcing and supplier opportunities in Tier 1, for a large organisation like Westpac, it may not be practical to directly contract with a large number of smaller suppliers. As such, we see more opportunity for inclusion of Tier 2 suppliers – those that are contracted through a Tier 1 supplier to Westpac. Where this is the case, we support integration of diverse suppliers by facilitating introductions between Tier 1 and Tier 2 suppliers.

Encouraging Inclusion and Diversity in all suppliers

We also encourage our suppliers to develop inclusive and diverse workplaces.

At Westpac, we think of diversity in terms of well understood dimensions including gender, sexual orientation, disability and culture as well as diversity of thought and experience.

In essence, it is the combination of the visible and invisible differences, knowledge and perspectives that shape our approach. More importantly, however, is the focus that we have as a company on inclusion, which is the extent to which employees feel included and valued by an organisation and which enables employees to bring their 'whole selves' to work.

Westpac has an Inclusion & Diversity Strategy that underlies our ambition to make this part of our DNA. The principles guiding the strategy are that it is owned by our business units, driven by our leaders, knows our unique employees and customers and creates value by innovation.

We are focused on enhancing the ability of leaders in our business to lead diverse work teams and embed flexible working arrangements. We also strive to create an inclusive culture, and attract and retain diverse and unique talent.

Our Sustainable Supply Chain Management (SSCM) Code of Conduct asks our suppliers to identify ways to improve their workforce inclusion and diversity practices; to develop accessibility policies applicable to employees and customers, and inclusive products and services available to the community.

Our next step is to identify high priority sectors and suppliers to partner and collaborate with to drive higher levels of inclusion and diversity across corporate Australia.

Embed Planning & Processes

Our SSCM Code of Conduct sets out our expectation that suppliers have policies and systems in place to manage workforce inclusion and diversity, and to encourage supplier diversity.

We are progressively building our sourcing strategies, decision making processes, tender and contract templates to support our goals.

Engagement and Capacity Building

We are developing a supplier portal that is tailored to our business and makes it easy for our people to find and buy from diverse suppliers supporting our business goals.

We are also focussed on capacity building for our current and potential suppliers. We recognise that some additional assistance may be helpful to build mutually successful outcomes and competitiveness for the longer term.

This may take the form of specific training and capacity building or mentoring and partnering with industry and member bodies that may assist in developing businesses to achieve their full potential.

Suppliers interested in supporting our goals are welcome to submit their details to us at any time using our supplier diversity form.

Leadership, Governance and Accountability

This Policy is owned by the Chief Procurement Officer.

It is endorsed by our Sustainability Council and the Inclusion and Diversity Council, which brings together senior leaders from across Westpac.

We recognise that our commitments to supplier inclusion and diversity requires ongoing commitment at all levels across the organisation.

Therefore we continuously work to integrate accountability for this Policy into the roles and responsibilities of our people involved in the lifecycle of commercial transactions.

This Policy (including our groups of focus) will be reviewed every three years.

Measurement and Reporting

We will report annually on our progress against our supplier inclusion and diversity goals.

We have commenced public reporting on Tier 1 spend with Indigenous Owned Businesses. We will build our capacity to track Tier 2 spend (direct and indirect) .

Where our Policy commitments align with other business goals, such as our commitment to spend \$3m by 2017 with Indigenous Owned Businesses, we will streamline our reporting processes.

