

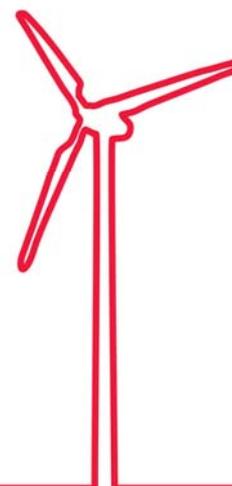
Our Paper Purchasing Policy

Version 5.0

4 April 2013

Policy owner: Director, Enterprise Sourcing

Policy location: Westpac Group Enterprise Sourcing



OUR COMMITMENT TO THE ENVIRONMENT

The Westpac Group has had an environmental policy in place since 1992, recognising the direct and indirect impacts of our business on the environment.

We recognise that paper is a core resource in the financial services sector, and is created from limited global resources by production processes that can have negative social and environmental impacts. As such, we aim to minimise the quantity of paper purchased and maximise the sustainable qualities of the paper used, consistent with business requirements.

To adequately address all the issues associated with the lifecycle of paper, the source, manufacture, purchase, use, avoidance, and disposal and management of demand for paper products require consideration. The Group notes that this Paper Purchasing Policy only partially addresses these issues, and needs to be read in conjunction with our other related policies and public statements, including:

- **The Westpac Group's Environment Policy**

Through our Group Environment Policy we actively integrate environmental considerations into our core business activities.

- **ESG Risk Management Framework**

This framework sets out how the Group assesses Environmental, Social and Governance Risk across its operations, including through its lending and investment activities and supply chain management practices.

- **The Sustainable Supply Chain Management Policy and process**

The Westpac Group is committed to working with its suppliers to improve the social, ethical and environmental business practices of our supply chain. Suppliers are required to undertake an assessment process and commit to making improvements in areas where their performance is lacking.

- **Our Waste Management and Recycling policies and strategies**

We are committed to recycling the paper we use, and facilitate this by providing secure and co-mingled recycling services for employees where practical.

- **Our Paper Use reduction/avoidance strategies**

We actively seek out technologies and practices that will reduce our use of paper to reduce our environmental footprint. This has included our Great Paper Challenge engagement campaign, the roll out of follow me print and the availability of e-statements and paperless processes for our customers.

- **2013–2017 Sustainability Strategy**

The current sustainability strategy for the Group includes a specific objective to reduce our environmental footprint (objective 6) – This paper policy directly supports a number of targets to reduce the environmental impacts of our own operations within this objective:

- Making our operations carbon neutral over the period 2013–2017
- Reducing our use of office paper by 5%
- Increasing our Sydney head office recycling rates to 75% (this is not limited to paper recycling)

OUR OBJECTIVES

Our objectives are to:

1. Identify and implement opportunities to reduce paper consumption
2. Ensure our paper products are sourced from producers that:
 - abide by the law
 - do not source pulp from old growth forests

3. employ sustainable forestry management practices¹ and clean production processes² Reduce our total consumption of virgin wood pulp, in a manner consistent with reducing our overall environmental footprint, and
4. Support our goal to significantly reduce Green House Gas (GHG) emissions
5. Purchase carbon credits to offset Westpac's carbon equivalent use associated with paper

Where suppliers do not meet the criteria outlined in this policy, we will work with them to remedy gaps in performance. Ultimately we will end relationships with those suppliers who fail to demonstrate sufficient improvement over time.

Over time we will seek to increase the availability and reliability of data about the paper products we source, and increase the scope of products included within this policy. At this time volume data is available for the following products:

- Customer statements
- Envelopes
- Desktop print and copy paper
- Marketing materials and Product Disclosure Statements (PDS)
- Teller and ATM paper
- Cheques
- Stationery and paper-based household items³

OUR PAPER PURCHASING PRINCIPLES

The Westpac Group's Paper Purchasing Policy is founded on the following principles:

- **Conservation of global resources**
Reduce total virgin pulp consumption and increase the use of low environmental impact accredited paper products across our business.
- **Sustainable production**
Require producers to:
 - abide by applicable laws
 - ensure pulp is not sourced from old growth forests or regions with high risk of unsustainable practices
 - use sustainable forestry management practices and clean production processes
- **Continuous improvement**
Increase our awareness of the environmental impacts of our paper purchasing practices and consistently seek to minimise negative impacts.
- **Leadership in the marketplace**
Demonstrate a leadership position to our suppliers, our peers and the broader marketplace.
- **Transparency**
Report on our activities and our progress against this policy.
- **Carbon Neutral**
Purchase carbon credits to offset Westpac Group's carbon equivalent consumption of paper.

THE PRINCIPLES IN PRACTICE

¹ As evidenced by Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC) or equivalent independent certification

² As defined by the United Nations Environment Program (UNEP) - www.unep.org

³ Includes items like paper napkins, tissues, plates etc purchased directly by the Group

PRINCIPLE 1: Conserve global resources

We will seek to reduce our virgin pulp consumption year on year – in a manner consistent with reducing our environmental footprint – through:

- Reducing paper consumption by awareness campaigns, annual paper use reduction targets and specific paper reduction strategies
- Addressing greater use of recycling, including: encouraging use of post-consumer waste (PCW) recycled paper products, whilst taking into account, environmental credentials of recycled paper comparative to virgin pulp
- Working with our suppliers to reduce packaging, and
- Where it is cost effective and practical to do so, reducing the environmental impact of paper transport.

PRINCIPLE 2: Sustainable Production

Our requirements are that suppliers:

- Comply with all applicable laws and regulations
- Do not use old growth forest timbers
- Use fibre/pulp independently certified to FSC⁴, PEFC⁵ or (at a minimum) FSC equivalent standards⁶ of sustainable forestry
- Eliminate elemental chlorine bleaching process in paper production
- Maintain an environmental management system⁷ at each production or processing facility
- Actively monitor and manage greenhouse gas emissions
- Operate to labour/workplace management policies and standards which ensure safe and non-discriminatory working conditions, allow employees freedom of association, and prohibit child, forced or involuntary labour in any form, and
- Engage with and minimise negative impacts upon their local communities.

PRINCIPLE 3: Continuous improvement

As we learn more about the impacts of our paper purchasing activities and available alternatives, we will take responsible steps to minimise those impacts that are negative.

We will engage our employees regarding appropriate paper purchasing decisions.

We will progressively phase out those products and suppliers who do not meet the requirements set out in this policy, as they are identified and suitable alternatives are secured.

PRINCIPLE 4: Leadership in the marketplace

We will engage our customers, suppliers, business partners, industry colleagues and other stakeholders, and seek to collaborate with them to implement the principles of this policy.

We require our suppliers to work with their suppliers to encourage and monitor compliance with the requirements of this policy.

PRINCIPLE 5: Transparency

We will review our baseline performance against measures and indicators on an annual basis. We are committed to regularly reporting our progress in implementing this policy, using recognised reporting frameworks and independently validated data⁸.

⁴ Forest Stewardship Council (FSC) Chain of Custody, Mixed Sources etc accreditation

⁵ Program for the Endorsement of Forest Certification (PEFC) % pulp

⁶ Examples include – but are not limited to- Blue Angel certification (Europe), Chilean System for Sustainable Forest Management (CERTFOR)

⁷ As evidenced by Eco-Management and Audit Scheme (EMAS) or International Organisation for Standardisation (ISO14001) certification, or equivalent

⁸ <http://www.westpac.com.au/about-westpac/sustainability-and-community/reporting-our-performance/>

We will continue to engage in dialogue with our suppliers and other stakeholders on the application of this policy. As well as internal engagement programs, we also work with relevant suppliers to improve our disclosure of the type of paper used on our documents, using the applicable accreditation logos where applicable.

PRINCIPLE 6: Carbon Neutral

We will purchase carbon credits in line with Westpac Group’s National Carbon Offset Scheme strategy to offset the Group’s use of paper whilst continuing to reduce the Group’s use of paper.

MEASUREMENT, REPORTING AND GOVERNANCE

Volume data will be presented quarterly to our internal Environmental Management Committee and Sustainability Council and twice yearly to the Executive Team and Board. All performance data will be reported publicly each year via the Group’s sustainability reporting following and will be independently verified. This information is available on our website at <http://www.westpac.com.au/about-westpac/sustainability-and-community/>

This policy will be reviewed every two years to ensure it reflects the latest technological developments and thinking of our stakeholders.

END.

Policy version control

Change	Date	Version	Author	Description
1	14 th - 24 th December 2009	2.0-2.1	Nigel Parmenter, Director Sustainability and Governance, Sourcing Alison Ewings, Senior Advisor, Group Sustainability	Update from 2007 Policy document Initial feedback on policy changes
2	4 th January 2010	2.2	Nigel Parmenter and Marissa Zamora, Sourcing	Draft
3	11 th January 2010	3.0	Greg Magill, Head of Sourcing	Release Version
4	24 th February 2010	4.0	Nigel Parmenter, Director Sustainability and Governance, Sourcing	Release Version
5	4 th April 2013	5.0	Yvonne G. Laycy., Manager Sustainability and Supplier Relations	Release Version