

Proudly Supporting Australia for 200 Years



Sustainable yesterday, today and tomorrow

This year we became the nation's first company to celebrate its 200th year in business. Throughout our history we have experienced both significant growth and set-backs which is why we know how important it is to make the right decisions today for tomorrow, and to continually adapt to new and emerging opportunities and challenges.

We believe that as one of Australia's largest companies we have a strong role to play in helping to create positive social, economic and environmental impact for the benefit of all, knowing the decisions we make today will determine tomorrow.



Embracing societal change



Environmental solutions



Better financial futures

ON THE COVER

When Airlie Beach farmer Ian Peterson's property was hit by Tropical Cyclone Debbie, the Westpac Branch Manager at Proserpine, Jane Tissington, helped him and his family buy much needed equipment and process their insurance so they could rebuild their home. On left, images of wheat harvesting sent to General Manager Alfred Davidson by a customer in Perth c1930.

This annual Sustainability Performance Report for the year ending 30 September 2017 forms part of Westpac Group's 2017 reporting suite. The reporting suite also includes the 2017 Annual Report and 2017 Annual Review & Sustainability Report. The 2017 Annual Report includes the full financial statements for the year, Directors' report, Remuneration report including executive remuneration, and other detailed financial performance. The Annual Review & Sustainability Report includes the integrated performance summary with expanded commentary and metrics related to our sustainable business practices, providing supporting information towards Recommendation 7.4 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition).

The 2017 reporting suite can be found at www.2017annualreport.westpacgroup.com.au.

This report aligns with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (Comprehensive) and the AA1000 AccountAbility Principles Standard, with selected subject matter independently assured by PwC as set out in the assurance report on page 105.

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In our 200th year, we've given the opportunity for babies born in 2017 to get a financial head start by depositing \$200 into their **Westpac Bump Savings** account!



Airlie Beach farmer **Ian Peterson** and his family survived Tropical Cyclone Debbie and have rebuilt their property with Westpac's support.



More than 800 employees like **Harry Hu** have taken part in **Jawun secondments** to support Indigenous-led organisations.

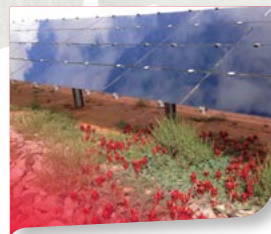
We're supporting **Luke Terry** as he sets a new cycle for social change.



Ex-pilot and now Westpac employee **Johanne Parniczky** has transferred her skills and is helping drive the digital revolution.



It started with business mentoring and a loan, now **Redspears Safety** is looking overseas.



With a partnership going back 170 years, Westpac and **AGL** are enabling new renewable energy solutions.



We're helping **Monsta Surf** take on well established surf wear companies and prove dreams really can come true.



For 23 years we've supported **Wakatū Incorporation** as it shares its wonderful South Island produce around the world.

AGL image: Broken Hill Solar Farm is owned by the Powering Australian Renewables Fund (PARF). Image courtesy of PARF.

1. Westpac Bump Savings account terms and conditions are available at www.bump.westpacgroup.com.au.

Queensland historical image: Courtesy State Library of Queensland.

Image

Westpac employee, Kara Coleman
who last year supported The Bread
& Butter Project, Australia's 1st social
enterprise bakery.

Our vision is to be one of the world's
great service companies, helping our
customers, communities and people
to prosper and grow. This means
constantly adapting and evolving.

Sustainability leadership



Chairman and CEO's message



Lindsay Maxsted
Chairman

Fifteen years ago Westpac set out its first sustainability strategy outlining the bank's position on the responsibility of business, with the vision that every generation should live better than the last.



Brian Hartzler
Chief Executive Officer

We believe that as one of Australia's largest companies we have a strong role to play in helping to create positive social, economic and environmental impact, for the benefit of all.

This year marks the conclusion of our five-year *2013-17 Sustainability Strategy*, so it is an opportune time to reflect on our achievements and where we need to direct our focus moving forward.

2017 was a big year in progressing our sustainability agenda, with extensive stakeholder engagement to develop our positions on climate change and human rights. In April we announced our third *Climate Change Position Statement and 2020 Action Plan*. This followed extensive public debate and provoked a strong reaction – both for and against. We are proud to have taken a scientific, practical approach and to have been able to make clear our position – that we are committed to help limit global warming to less than two degrees, setting ourselves a \$10 billion target for lending to climate change solutions by 2020 and \$25 billion by 2030, and tightening our lending criteria to activities in the energy system.

We also published our updated *Human Rights Position Statement and 2020 Action Plan*. With an estimated 45 million people around the world subject to modern slavery, we believe businesses have a responsibility to take action given their international reach and impact through their supply chains.

The financial services industry is changing rapidly. An ageing and increasingly culturally diverse population means banking needs are becoming more complex. There's increased regulation and competition, and the opportunities of digital are creating new ways of delivering and consuming products and services.

To thrive in the modern banking world we have centred our strategy on service – putting customers at the heart of everything we do. It's about having a deep desire to help our customers achieve what's important to them. It's about being there in both the good times and when things are tough.

This year we've introduced new products and services designed to meet the changing needs of our customers. We're helping people save with our new Westpac Life and Westpac Bump accounts, and introduced a new basic credit card, Westpac Lite, with an interest rate below 10 per cent. St.George became Australia's first dementia-friendly bank, and we're providing greater support to help our customers and their families as they go through bereavement – a time they may need it most. In Western Australia we've set up a dedicated team of case management specialists to assist customers impacted by the mining downturn.

As we reflect on our performance against the actions in our *2013-17 Sustainability Strategy*, we have made strong progress, meeting or exceeding 80% of measures. An area where we will continue to focus includes social and affordable housing. This year we increased our lending and investment in the sector to \$1.32 billion, however this is short of our goal of \$2 billion. While there are some positive moves underway, the pace of policy change has been slower than anticipated and finding scaleable solutions remains challenging.

In the next phase of our sustainability strategy, providing support and finance, and creating innovative partnerships with industry, the social sector and government to create more affordable long-term housing options will remain an important objective.

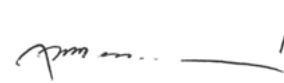
A healthy banking sector benefits all and we're committed to getting it right – and when we don't, putting it right. As part of this we are reviewing our products and services and the way we have engaged with our customers. In this report we cover the many actions we're taking to help restore public trust and confidence in our sector, both individually and as part of the Australian Bankers' Association (ABA)-led Banking Reform Program. This is important work and we're committed to achieving meaningful change.

2017 also marked our bicentenary, making Westpac Australia's first company and first bank to reach 200 years in business. This was a wonderful opportunity to celebrate and support our local communities: our \$100 million Westpac Bicentennial Foundation announced its 200th scholar; Westpac Foundation awarded 200 Community Grants to local community organisations helping to create a fairer, more inclusive Australia; and we recognised our 200 Businesses of Tomorrow that are contributing to the nation's future. We also reached an important gender equality milestone achieving

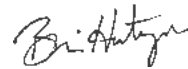
50 per cent women in leadership roles this year. To mark this we are supporting *200 Women: Who will change the way you see the world*, a storytelling project embracing diversity and equality in all its forms.

Over our 200 year history we've had to adapt and constantly look at new ways of doing things. It's one of the reasons we were ranked the world's most sustainable bank in the Dow Jones Sustainability Indices for the tenth time.

Now is a time of great change, for our customers, communities and employees. We look forward to partnering to create long-term value and drive positive economic, environmental and social change through how we service our customers and communities today, and tomorrow – as we embark on the next phase of our Sustainability Strategy for 2018-20.



Lindsay Maxsted
Chairman



Brian Hartzler
Chief Executive Officer

MEMBER OF
**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM

Westpac Group retained its position as the world's most sustainable bank in the 2017 Dow Jones Sustainability Indices (DJSI).

This marks the fourth year in a row and 10th time we have achieved the global banking sector leadership position.



1817

- Australia's first bank, the Bank of New South Wales, opened on 8 April.
- Launched the first disaster relief fund in Australia to help victims of the Hawkesbury River flood in NSW.

1879

- Established The Buckland Fund (which later became the Westpac Foundation) to help families of deceased bank employees.

1978

- The Bank of New South Wales installed its first ATM on the corner of King and George Streets in Sydney.

1998

- First Australian bank to launch a workplace giving program.

2000

- Launched the first Socially Responsible Investment product in Australia.

2002

- Founding signatory to the Equator Principles.
- First Australian bank to publish a sustainability report.
- First Australian bank to trade Renewable Energy Certificates.
- Founding signatory to the UN Global Compact.

2014

- Ranked number one in the Global 100 Most Sustainable Companies in the World.
- The Westpac Bicentennial Foundation was established as a \$100m gift to future Australians, funding 100 new scholarships a year, forever.

2016

- First 100 Westpac Scholars appointed by Westpac Bicentennial Foundation.
- Launched Westpac Businesses of Tomorrow program.
- Launched an Energy Efficiency Finance Program in partnership with Clean Energy Finance Corporation.
- Issued Westpac Climate Bond.
- Introduced Supplier Inclusion and Diversity Policy.

2017

- Ranked world's most sustainable bank in the Dow Jones Sustainability Index for the 10th time.
- Awarded 200 Westpac Foundation Community Grants to Australian local community organisations.
- Released updated Position Statements and 2020 Action Plans for Climate Change and Human Rights.
- Launched our fourth Reconciliation Action Plan, our second to receive 'Elevate' status.

200 years supporting Australia

1847

- We became the treasurer for the Australian Gas Light company (now AGL). Our relationship continues today.

1898

- The first female employees joined the bank as 'Lady Typewriters'.

1965

- FABACUS (First Australian Bank Accounting Computer Used in Sydney) was launched, transforming the banking system in Australia.

1991

- Founding member of the United Nations Environment Program Finance Initiative.

1992

- First bank in Australia to publish an environmental policy.

2001

- Founding partner in the Cape York Indigenous Enterprise Partnership (now Jawun).

2007

- Developed the Principles for Responsible Lending.
- Launched Westpac Assist - a specialist team which proactively assists customers with repayment issues, offering solutions to help them manage their debt.

2015

- Introduced Social Impact Framework.
- Released our first Human Rights Position Statement and Action Plan.
- Introduced a Financing Agribusiness Position Statement.
- Released a Responsible Investment Statement.

Below gas lights image -George Street, Sydney, 1858-1860. Collection of Museum of Applied Arts and Sciences, Sydney.



Creating sustainable value

200 | Westpac GROUP

Our vision is to be one of the world's great service companies, helping our customers, communities and people to prosper and grow

- Products and services
- Financial education

Customer Value

- Home ownership
- Achievement of financial goals
- Individual, family and business prosperity
- Risk management
- Financial confidence

13.8m
customers supported

Provided
\$470bn
in home loan financing in
Australia and New Zealand



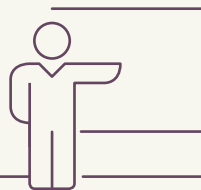
- Employment and career pathways
- Training and development

Employee Value

- Financial security
- Wellbeing
- Professional development

39,011
employees¹

50%
target reached for women in
leadership positions, up from
48% last year



- Philanthropy
- Mentoring and capacity building
- Grant funding and scholarships
- Positive impact finance
- Partnership and innovation

Community Value

- Support in times of need
- Community resilience
- Inclusion in the banking system
- Financial wellbeing
- Growth of social enterprise

\$1.2bn
in community contributions
since 2010

109,086
customers supported with
financial assistance packages in
the past 3 years

\$1.32bn
lending to social
and affordable
housing sector



- Sourcing
- Collaborating through innovation
- Capacity-building for diverse suppliers

Supplier Value

- Sustainable and inclusive business growth
- Responsible and resilient suppliers

\$5.62bn
spent with suppliers in Australia,
New Zealand and the Pacific

\$5.3m
spent with Indigenous
Australian suppliers
in the last three years²



- Dividends
- Long term capital growth

Investor Value

- Long term wealth creation
- Income

13.8%
cash return on equity

\$6.3bn
paid in dividends
to shareholders



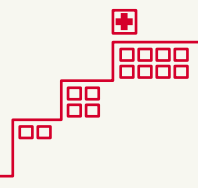
- Taxes
- Balance sheet strength
- Foreign capital

Economic Value

- Financial system stability
- Economic wellbeing and resilience
- Funding of public infrastructure and services
- Supporting innovation and productivity

\$3.53bn
income tax paid³

\$8.1bn
net profit after tax³



Sustainability strategy progress Embracing societal change Environmental solutions Better financial futures

Image

Girls from Oz who inspire girls in remote Australia through performing arts education is one of our 200 Community Grant recipients.

In the final year of our five-year 2013-17 Sustainability Strategy, we reflect on our progress as we determine the areas where we can have the most impact moving forward.

Our progress



Sustainability strategy progress Embracing societal change Environmental solutions Better financial futures

Sustainability strategy progress

In 2013 we set out our five-year sustainability strategy which centres around three priority areas. We track our progress against each of these areas through ten measurable objectives – see the 2017 Scorecards and progress highlights in the following pages.

Over the five year period we have made strong progress, meeting or exceeding 80% of measures. Particular highlights include initiatives to ensure our workforce is representative of the community, increased lending and investment in CleanTech and environmental services, and reducing our environmental footprint.

We set targets to challenge ourselves. Areas where we would like to do more include finding innovative ways to support and finance the social and affordable housing sector, and helping customers put in place a secure income stream to meet their goals in retirement. For greater detail, please see *The issues that matter* and *Performance metrics* sections of this report.

Our 2018–20 Sustainability Strategy will be announced in November 2017. This follows extensive stakeholder consultation to benchmark our current performance, and shape the next phase of our work.



Embracing societal change

Helping improve the way people work and live, as our society changes

- Ensure our workforce is representative of the community
- Extend the length and quality of working lives
- Anticipate the future needs of ageing and culturally diverse customers



Environmental solutions

Helping find solutions to environmental challenges

- Provide products and services to help customers adapt to environmental challenges
- Increase lending and investment in CleanTech and environmental services
- Reduce our environmental footprint



Better financial futures

Helping customers to have a better relationship with money, for a better life

- Ensure all customers have access to the right advice to achieve a secure retirement
- Help customers meet their financial goals in retirement
- Increase access to financial services in the Pacific
- Help people gain access to social and affordable housing



Embracing societal change

Actions to help improve the way people work and live, as our society changes



Employer of the Year at Women in Banking and Finance Awards for Westpac's commitment and best practice in gender equality, inclusion and diversity

Employer of Choice by The Workplace Gender Equality Agency for the 7th consecutive year

#1 Bank in Top 10 Australian Network on Disability's Inaugural Access and Inclusion Index for initiatives and programs to improve accessibility

2017 Initiatives

Supporting gender equity

- Achieved our goal of **50%** women in leadership roles¹, and increased the number of women in general management positions to **41%**.

Inclusion for all

- Introduced new accessibility and inclusion commitments for our customers, people and communities through our *2017-20 Accessibility Action Plan*.
- Hosted Australia's **1st** corporate LGBTIQ inclusion summit.
- St.George Bank became the **1st** Australian bank to be accredited as dementia-friendly by Dementia Australia.
- Provided 12-week paid internships to five refugees or people seeking asylum to help build their Australian workplace connections and experience.

Building the skills for the future

- Delivered free access to maths education through MathsSpace, a maths app to help Australian students boost their maths skills.
- Launched The Business Institute to help our business bankers continue to develop their skills and expertise.
- Announced our **200th Westpac Scholar** through Westpac Bicentennial Foundation which, including contributions from university partners, represents a **\$12.6m** investment since 2015 in **243 scholars** solving some of Australia's biggest problems.

Indigenous Australian recruitment

- Exceeded our *2015-17 Reconciliation Action Plan* commitment of recruiting **500** Aboriginal and Torres Strait Islander employees by 2017.
- Continued to maintain parity with **4%** employees self identifying as Indigenous Australian².

Supporting cultural diversity

- Used Chinese social media channels to share money tips and advice to help international students prepare for their move to Australia.
- Hosted an educational event for over 200 migration agents with advice and tools to help their clients.

Enhancing our position on human rights

- Published our updated *Human Rights Position Statement* and *2020 Action Plan*.
- Released our **1st** statement in response to the UK Modern Slavery Act and are contributing to the dialogue around establishing a similar Act in Australia.

Improving wellbeing

- Introduced a new *Responding to customers in distress guide* to help our frontline staff assist vulnerable customers.
- Recorded an increase in employees accessing Employee Assistance Program from 6.39% to **7.59%**, indicating staff feel increasingly safe and supported to seek help when they need it.
- 74%** of employees working flexibly, with a slight increase in the number of males using flexibility options.
- Workplace wellbeing as measured by the Work Ability Index remained within the 'good' range at 41 out of 49.

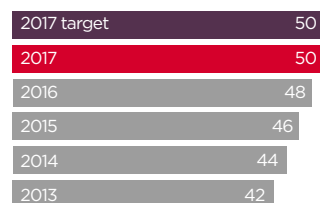
Change through supply chain

- Exceeded our target of **\$3m** supply chain spend with Indigenous owned businesses by 2017 and increased our target to **\$10m** by 2020.

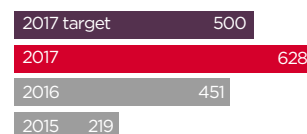
2017 Scorecard

OBJECTIVE

Ensuring our workforce is representative of the community



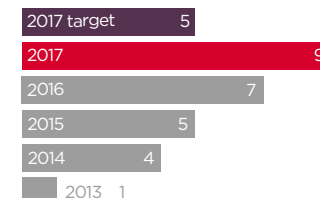
Women in leadership (%)



Indigenous Australians recruited (cumulative, aligned to 2015-17 Reconciliation Action Plan)

OBJECTIVE

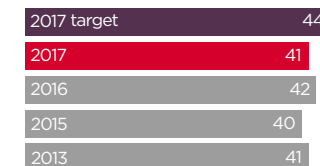
Anticipate the future needs of ageing and culturally diverse customers



Initiatives introduced that support the financial wellbeing of ageing and culturally diverse customers (cumulative)

OBJECTIVE

Extend length and quality of working lives



Wellbeing average Work Ability Index (biennial index score out of 49; conducted out of cycle in 2016)

Performance against 2013-17 target Exceeded Met Not met

1. Proportion of women (permanent and maximum term) in leadership roles across the Group. It includes the CEO, Group Executives, General Managers, senior leaders with significant influence on business outcomes (direct reports to General Managers and their direct reports), large (3+) team people leaders three levels below General Manager, and Bank and Assistant Bank Managers.
2. Data derived from an employee survey based on the number of individuals who self identified as having Aboriginal, Indigenous Australian or Torres Strait Islander cultural heritage.



Environmental solutions

Actions to help find solutions to environmental challenges



Ranked world's most sustainable bank for 10th time in 2017 Dow Jones Sustainability Indices Review

Recognised as one of only ten Australian companies to achieve **Leadership level in the 2017 CDP**, with a climate score of A-. This puts Westpac among the top **22%** of companies globally to achieve this level

Assigned Gold Class ranking in the 2017 RobecoSAM Sustainability Yearbook

Awarded 6 Star Green Star interior rating for Bank of Melbourne flagship branch by the Green Building Council of Australia making it the 1st 6 Star Green Star bank branch in Victoria

2017 Initiatives

Enhancing our position on climate change

- Announced our **3rd Climate Change Position Statement** and **2020 Action Plan**, outlining our commitment to helping limit global warming to less than 2°C. Highlights include:
 - \$10bn** target for lending to climate change solutions by 2020 and **\$25bn** by 2030.
 - Tighter criteria for financing any new coal mines - financing for any new thermal coal projects limited to existing coal producing basins and projects must rank in the top 15% globally in terms of coal quality, and actively reducing the emissions intensity of our exposure to the power generation sector over time.

Firsts in climate bonds

- Issued our first offshore foreign currency Climate Bond for **US\$50m**, a 1st among the Australian banks.
- Published our **1st Westpac Climate Bond Impact Report**.

Increased commitment to CleanTech and environmental services sector

- Increased committed exposure to CleanTech and environmental solutions such as renewable energy, green buildings, forestry, energy efficiency and green business initiatives, taking our total committed exposure to **\$7.0bn**, **16%** ahead of our 2017 target.

Providing environmental solutions

- Selected as the preferred financial partner for the Tasmanian Energy Efficiency Loans Scheme, funding **\$8.7m** in energy efficient solutions.
- Launched an industry **1st** sustainability scoring capability to BT Panorama allowing customers and advisers to review how their investments on the ASX200 and over 200 managed funds rate on environmental, social and governance factors.

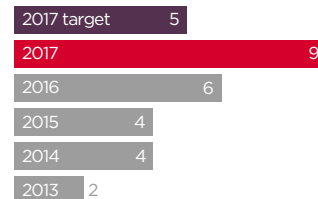
Reducing our environmental footprint

- Achieved our **75%** waste to recycling target following improvements in waste sorting, site audits and increased screening.
- Maintained our carbon neutral status for the **4th** year in a row.
- Achieved **6%** improvement in electricity efficiency in commercial and retail sites, exceeding our 2017 target.

2017 Scorecard

OBJECTIVE

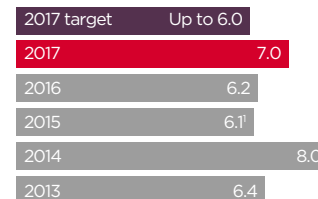
Provide products and services to help customers adapt to environmental challenges



Unique services launched to help customers adapt to environmental challenges (cumulative)

OBJECTIVE

Increase lending and investment in CleanTech and environmental services



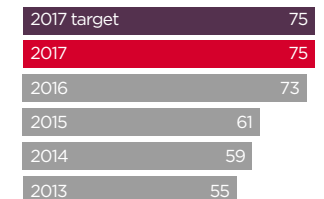
Make up to \$6 billion available for lending and investment in CleanTech and environmental services (\$bn)

OBJECTIVE

Reduce our environmental footprint



Improve electricity efficiency in commercial and retail sites^{2,3} (kWh/m²)



Recycling rates in Sydney head offices (% of waste)

Performance against 2013-17 target Exceeded Met Not met

1. From 2015, a higher threshold was used for green buildings, in line with property industry trends, accounting for the majority of the change from the previous year.
2. Electricity efficiency, electricity usage and GHG targets include all Australian and New Zealand commercial and retail properties only. Excludes ATMs, stand-alone data centres and fleet.
3. Rebased in 2015 to align boundary and methodology used in New Zealand to be consistent with Australia.



Better financial futures

Actions to help customers to have a better relationship with money, for a better life



2017 Reuben J Summerlin Innovation award for Westpac's work on Choice Wantok, Papua New Guinea

2017 CANSTAR Innovation Excellence award for Westpac Quick Transfer

2017 Initiatives

Financial Inclusion Action Plan

- Released a *Financial Inclusion Action Plan* laying out our vision and guiding priorities for the next 12 months.

Improving banking access in the Pacific

- Launched **Choice Wantok**, a joint venture with the Pacific Financial Inclusion Program to identify new ways of offering banking services to people in remote areas of PNG.
- Opened over **58,000** basic bank accounts, providing additional financial access in the region.

Better banking for Indigenous Australian customers

- Made available close to **\$475,000** in microfinance loans with Many Rivers Microfinance to support Indigenous business owners; committed to supporting at least

110 small Indigenous businesses per year to 2019.

- Our Indigenous Business Banking team conducted more than **33** community visits to assist customers build their financial knowledge and skills.

Financial hardship

- Helped **28,322** customers experiencing financial hardship.
- 1st** bank in Australia to offer the option of negotiating payment arrangements through online banking.

Increased lending to social and affordable housing

- Increased lending to the social and affordable housing sector to **\$1.32bn**, up from \$1.05bn a year ago. This is short of our \$2bn target, largely due to the challenge of finding scaleable solutions.

Improving financial literacy

- Delivered financial literacy training to **112,263** people through face-to-face workshops and online sessions.

Evolving our products & services

- Introduced new products and services to meet the changing needs of our customers, including:
 - Westpac Lite**, a new low cost credit card with a purchase interest rate below 10% p.a.
 - Westpac Life** and **Bump** accounts to help customers save.
 - Greater bereavement support information to help customers and their family members following a loss.
- Introduced more than **160** new features and enhancements to our mobile and online banking platforms.

- Completed the **BT Panorama platform**, providing financial advisors with a single platform to assist clients with all their wealth needs.
- 7.5% of customers accessed Westpac Group superannuation, 1.4% below target due to a range of industry and internal factors. We remain focused on introducing initiatives like SuperCheck that improve ease and access for members.

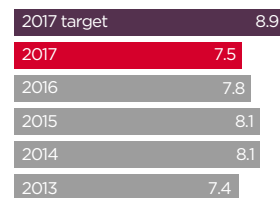
Supporting Businesses of Tomorrow

- Announced our **200 Businesses of Tomorrow**, recognising businesses that are contributing to Australia's future as it transitions to a knowledge economy. 20 high potential businesses also received a \$100,000 professional services package and study tour to the USA and China.

2017 Scorecard

OBJECTIVE

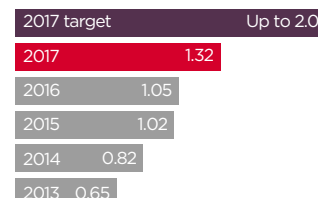
Helping customers to put in place a secure income stream to meet their goals in retirement



Westpac Group customers with Westpac Group superannuation (%)

OBJECTIVE

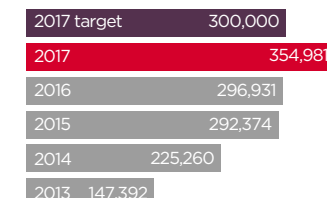
Helping people gain access to social and affordable housing and services



Make up to \$2 billion available for lending and investment in the social and affordable housing sector (\$bn)

OBJECTIVE

Increasing access to financial services in the Pacific



Net basic banking account customers in the Pacific¹ (cumulative)

OBJECTIVE

Ensuring all customers have access to the right advice to achieve a secure retirement²



Average customer satisfaction rating as reflected through BT Adviser View

Performance against 2013-17 target Exceeded Met Not met

1. Data prior to 2016 includes the Pacific businesses sold in 2015 and 2016.

2. Replaced the previous wealth accreditation certification target with more holistic and meaningful measures relating to the provision of access to wealth advice for all our customers.

Image

Linda Mitchell

University of Sydney Chemistry student, Linda Mitchell is one of our first 200 Westpac Scholars. She is exploring new ways to apply research and technology to help remote communities in Australia.

We regularly assess stakeholder feedback and industry trends to understand the current and emerging issues that matter most.

The issues that matter

IMAGE CREDIT
Flashpoint Labs



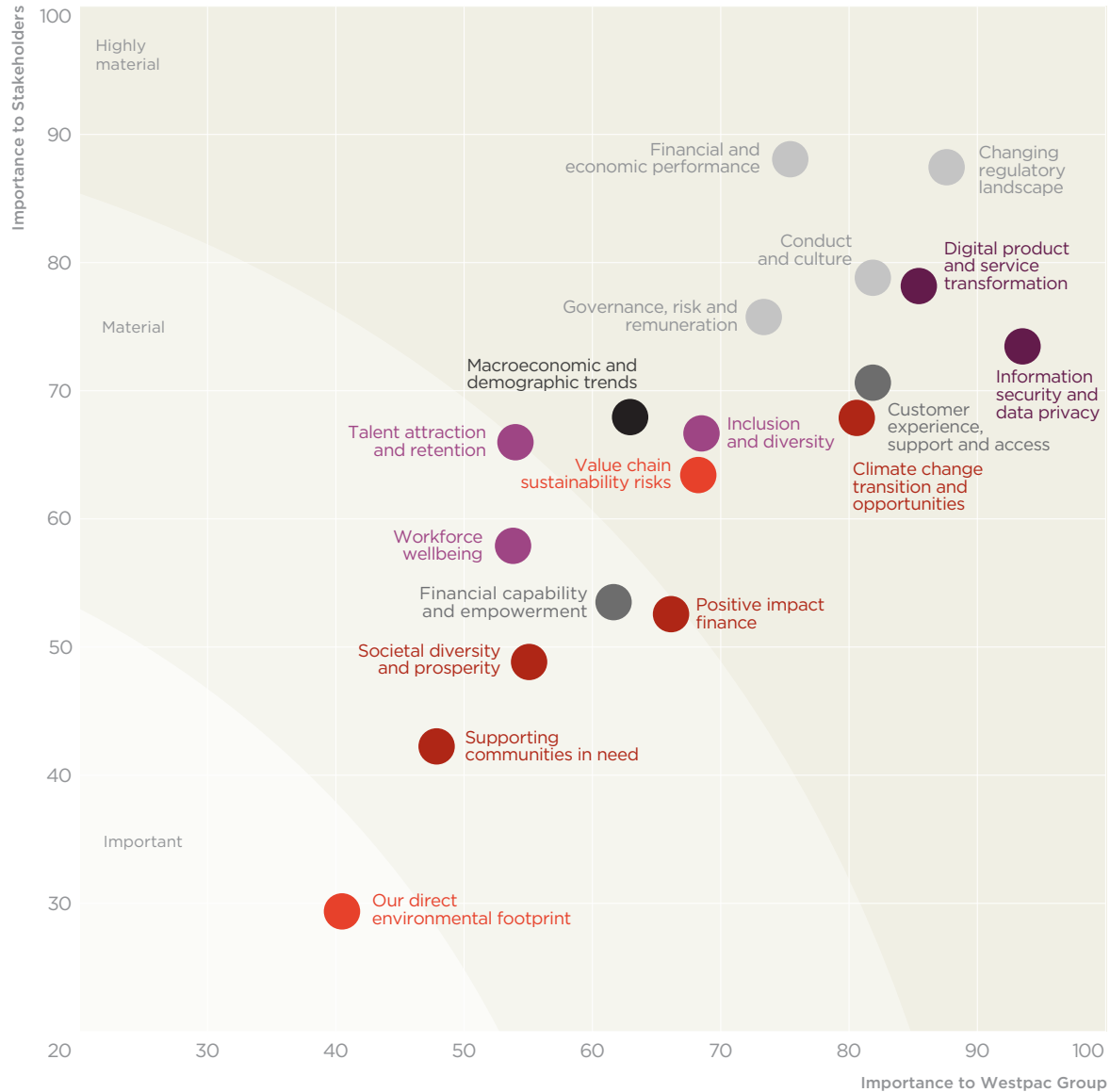
The issues that matter...

To understand the current and emerging issues that matter most to our stakeholders and that will have the most material impact on our business, we conduct regular assessments and stakeholder consultation.

Categorised into six themes to form the content and structure of this report, our material issues inform and help us continually refine and enhance our approach.

This chart maps the 18 most material issues identified in our most recent materiality assessment and how we group them into six key themes. The following page shows how our work in these areas supports and contributes to the United Nations Sustainable Development Goals.

Read more about how we assess what is most important in *The fundamentals* section.



... inform our report themes.

- Service leadership
- Conduct and trust
- Digital innovation
- Workforce of the future
- Positive societal impact
- Value chain risk
- Macroeconomic and demographic trends

Reflect the external factors impacting the economies, societies and natural environment in which we operate, providing the context for all other topics in our materiality assessment. These factors include ageing population, economic outlook, structural changes, cost of living and housing affordability, education, unemployment and changing nature of employment, and societal health, behaviours, and consumption patterns.

Alignment to the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) set the global agenda for action on improving the wellbeing of present and future generations. The 17 goals aim to tackle the world's most pressing challenges through the promotion of sustainable development to 2030. As we respond to our most material issues, Westpac's actions will support the achievement of these priority goals.

Service leadership

Customer needs are becoming more complex and technology is changing the way services are consumed and delivered. We put service at the heart of everything we do - helping customers achieve their financial goals at every stage of their life, supporting them in times of need and making banking accessible to all.



Conduct and trust

Banks play an important role in the economy and personal lives of customers. We are committed to getting it right - and when we don't, putting it right. This is supported by a service culture focused on doing the right thing, raising standards, reviewing products and services against strict criteria, and working with the industry to drive meaningful change.



Digital innovation

Increasingly consumers are living in a 24/7 digital world, fuelled by the continued rise of new business models and emerging technologies. We're embracing the digital opportunity, and continuing to strengthen our capability to protect the security and privacy of our customer and business information and systems.



Workforce of the future

Children born today are expected to live beyond their 100th year. This means the nature of work and education is likely to change multiple times. To attract and retain a diverse workforce, the employment proposition must take on an individual focus with each person having their own expectations, skillsets and wellbeing needs met.



Positive societal impact

While Australia's economy continues to prosper, not everyone has shared in the benefits. Those with the right skills, established wealth or opportunities are doing well, while others are struggling. As one of Australia's largest companies, we can play an active role in creating positive social, economic and environmental impact that will contribute to a fairer and more inclusive future for all.



Value chain risk

The size and scale of our business means that we can influence sustainable and ethical business practices through our own supply chain and the supply chains of our customers, suppliers, the companies we finance and those we invest in. We actively manage and disclose performance on a range of sustainability risks, including human rights and climate change.



Service leadership

Putting customers at the heart of everything we do.

Relevant United Nations Sustainable Development Goals



Why is this important?

Our vision is to be one of the world's great service companies, helping our customers, communities and people to prosper and grow. Through our Service Revolution strategy we have redefined our commitment to putting service at the very heart of everything we do.

Our strategy focuses on the need to get it right for customers – embedding a genuine focus on helping customers achieve what's important to them – as the best way to build and sustain value for our customers, our people, our business, our shareholders and the communities in which we operate.

The financial services industry, just like the economy, is going through a period of rapid change. Customer needs are becoming more complex, there's increased regulation and competition, and technology is changing the way services are delivered.

As the population ages and becomes more culturally diverse, it's important that we evolve our products and services to help people at every stage of their life.

True service leadership is about helping customers in both the good times and the challenging times. People can face financial exclusion or hardship for many different, complex reasons, and at different times of their lives. For some people it could be for a shorter period of time following an event such as bereavement, divorce, illness or natural disaster; for others, particularly our more vulnerable customers, it could be more long-term.

To make banking more accessible across our community, we remain focused on helping people have a better relationship with money, building their financial resilience, and supporting them to participate in our economy and communities over the whole of their lifetime.

How are we responding?

We continue to deliver on our multi-year Service Revolution strategy, centred on putting customers at the heart of everything we do.

Our service promise

Great customer service starts with highly engaged employees who genuinely care and are committed to helping customers achieve what's important to them.

Created by our people, Our Service Promise articulates what it means to deliver world class service every day. The Service Promise rhythm of 'huddles' where teams of employees regularly come together to share service stories is now well embedded across all divisions, brands and geographies.

From the very first point of contact as a potential recruit, we're building our service culture into every employee touchpoint. We recently updated our recruitment process to incorporate a consistent approach to assessing cultural fit and embedded the service promise in the candidate experience. New recruits now take part in an orientation program which immerses them in our vision, strategy and service culture. And to help bring this message to life for all employees we launched the 'We are people always helping people' engagement campaign featuring people from across the company sharing their passion for helping customers.

Our response

Our service promise



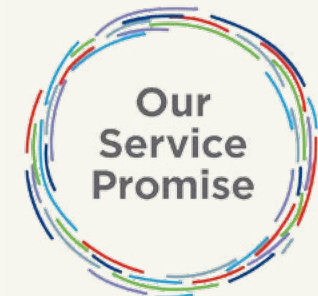
Products and services



Commitment to getting it right



More accessible banking



A major driver of corporate culture is leadership behaviours. For this reason we've invested in a number of leadership development programs over the past year - *Personal Leader Journey* for our 100 most senior leaders, and *Leading Service - Every Moment Counts* for more than 2,000 other people leaders.

Last year our wealth business, BT Financial Group, introduced its Customer Connections program. This included opportunities for leaders to call customers that had a negative experience with us to find out what we could have done better and to ensure that their concerns were resolved, and Customer Immersion Workshops to learn directly from customers how our products and services could be improved to meet their needs.

Products and services

This year we've introduced a number of new products and services designed to meet the changing needs of our customers.

Bump Savings account - 86% of parents, grandparents and prospective parents believe that opening a savings account for children at an early age sets them up for success later in life. To encourage positive savings habits early, this year we introduced a new Bump Savings account for children that allows parents and children to set savings goals and track those milestones. Westpac provides a \$200 contribution to any new account opened for babies born in Australia in 2017.¹

Free online maths education - more jobs now require science, technology, engineering and maths (STEM) related skills and research shows stronger maths skills can lead to a higher income and level of overall life satisfaction. Earlier this year we partnered with Mathspace to provide free access to online maths education for all Australians, with 70,000 people having already taken up the offer. Mathspace is acknowledged as both a teaching aid and a fun and engaging learning resource for parents and children covering the year 3 to 12 maths curriculum.

Westpac Life - this year we introduced a new online savings account where customers can set up to six different savings goals within their account to help save for specific items, such as a home deposit.

Low interest credit card - this new product was introduced in response to customer feedback for a simple, low rate and low limit 'no frills' credit card, making us the first major bank in Australia to offer a credit card with a purchase interest rate under 10% per year. We also launched Westpac SmartPlan, an online tool to help customers manage their credit card balance and pay down their debts more easily.

Helping international students prepare to move to Australia - we live streamed money tips and advice on our Chinese social media platforms to help students prepare for their move to study in Australia. We also hosted an educational event for over 200 migration agents with advice and tools for them to help their clients get a head start with Australian banking.

BT Panorama - now integrating superannuation and insurance, financial advisers have a single platform to manage all of their clients' needs. Key features include flexible portfolio construction, the mobile app, signature free account opening and personalised market information and tracking. BT self-managed super fund's integration with Westpac Live online banking means customers can see and access their funds alongside their everyday banking.

Service where customers need it

As more customers are choosing to use digital channels for more types of banking transactions, we are constantly evolving our delivery model to ensure we're investing in the right infrastructure to deliver services where, when and how customers need them.

Our branch network is an important part of how we support customers and we have dedicated banking teams in branches throughout suburbs and towns across Australia, New Zealand, Fiji and PNG. We continue to invest in new branches in areas where there's demand and roll out technology upgrades and refurbishments to our new, more interactive branch formats.

Decisions to close a branch are not made lightly, and we always do what we can to support customers to move their banking to a nearby branch or find alternative ways to meet their banking needs. Our partnership with Australia Post means that customers can access banking services at their local Australia Post Office, across more than 3,200 outlets Australia-wide. Services include depositing cash and cheques, cash withdrawals and balance enquiries.

If customers visit a branch and are looking for wealth advice, branch staff can connect the customer with a financial advisor, either by phone or video conference from the branch, or arrange a call for another time.

In our digital channels we've introduced over 160 new features and enhancements to our online and mobile banking services. More information can be found in the *Digital innovation* section.

Research by St.George indicates that 50% of older Australians prefer to bank online compared with 43% who like to visit a branch². To mark NSW Seniors Week, customers were invited to join a digital banking session for tips on how to bank online safely and securely.

1. Westpac Bump Savings account terms and conditions are available at www.bump.westpacgroup.com.au.
2. Research conducted by Pure Profile in August 2016, 1,000 respondents aged 50-75 were surveyed across Australia.

17.8%
reduction in customer
complaints across
Australian operations
since 2016

Reducing complaints

There has been heightened attention on areas where the financial services sector has failed to meet customer expectations – and this year we've again stepped up our focus in this area.

In 2016 we refreshed our complaint management framework to a more customer-focused approach and to reinforce our commitment to dealing with complaints genuinely, promptly, fairly and consistently. With each complaint we look at both how best to fix the issue at hand and also the root cause to ensure we find ways of correcting for next time.

In November 2016, Adrian Ahern was appointed as the first Customer Advocate for Westpac Group. More information on this new office can be found in the *Conduct and trust* section.

Overall we have seen a decline in complaints in the last three years and how we handle situations when things go wrong is a key part of Our Service Promise.

More accessible banking

We take our responsibility to help create better financial futures for everyone seriously and are constantly challenging ourselves on how we can do more.

Accessibility Action Plan

Refreshing our Accessibility Action Plan every three years provides us with the opportunity to critically reflect on how we are supporting people with disability as part of our broader agenda of making inclusion a priority and embedding it in everything we do. For our customers, we are working to achieve this through a number of initiatives outlined in our *2017-2020 Accessibility Action Plan*. Examples include:

- Upgrading assistive technology on online banking sites and implementing speech analytics capabilities in business and retail banking.
- Creating dedicated information areas with accessibility features and providing an accessibility feedback channel.
- Delivering a payments platform for National Disability Insurance Scheme participants and service providers.

Financial Inclusion Action Plan

In November 2016 we were one of the first Australian organisations to release a *Financial Inclusion Action Plan* (FIAP) which lays out our vision for financial inclusion – to help Australians better manage their money, build their financial resilience, and support them to participate in our economy throughout their life. The action plan brings together work already in progress and sets out our priorities for the next 12 months:

- Crisis and hardship – helping in times of need.
- Understanding money – enabling individuals' financial resilience.
- Inclusive growth – supporting small businesses and social enterprises.

A progress update can be found in [Performance metrics – Social and economic impact](#).

Indigenous Australian customers

Managing money and financial wellbeing are linked to overall economic independence. Our fourth *Reconciliation Action Plan* (RAP) announced in June sets out our commitments for 2018-2020 with a focus on delivering better banking experiences for Aboriginal and Torres Strait Islander customers.

We continue to expand our Indigenous Business Banking team and through more than 33 community visits per year, including financial literacy and board governance workshops, we're helping our Indigenous business customers increase their financial knowledge, skills and business resilience.

To assist customers whose first language is not English, we piloted the 'Banking Story', an initiative using iconography and storytelling to explain how banking works. It includes information on accessing and depositing funds, passwords, fees and using ATM cards. We now plan to work with elders and influential members to expand the program to other remote communities.

Accessing a branch or ATM in remote locations is difficult. To assist with this we're looking at ways to improve our phone-based customer contact support for Indigenous customers, including how to make the customer identification and verification process easier.

A progress update can be found in [Performance metrics – Social and economic impact](#).

Affordable banking in the Pacific

In April, we launched a financial inclusion program in PNG called Choice Wantok. A joint venture between Westpac and the Pacific Financial Inclusion Program, Choice Wantok is a new way of looking at banking in rural areas. Wantok is a concept deeply entrenched in PNG culture meaning 'one talk' and refers to someone with whom one has a strong social and community bond, usually based on shared language.

Through the program a new innovation hub has been established in our branch in Mount Hagen which will test and tailor its services to meet the specific needs of remote communities, and deliver those services through branchless channels. In August, the initiative was awarded the Reuben J Summerlin Innovation Award.

Across Fiji and PNG, we provided additional financial access over the year with the opening of over 58,000 basic bank accounts. We also saw an increase in the number of mobile banking activations and sustained use of our in-store facilities.

Supporting customers through bereavement

This year we have enhanced support for our 40,000+ customers and their families who have suffered a loss. The new bereavement support websites are now live across our bank brands, as well as comprehensive bereavement customer guide booklets.

Dementia-friendly branches

With more than 400,000 Australians and 60,000 New Zealanders living with dementia, this year St.George Bank became the first Australian bank to be accredited as dementia-friendly by Dementia Australia. This followed a successful pilot in the Port Macquarie branch involving changes to the branch layout and training to help our staff become more aware and sensitive to the needs of our customers with dementia.

This follows the example set last year when we became New Zealand's first dementia-friendly bank, earning the Alzheimers New Zealand Dementia-Friendly Award.



Trevor Crosby, who lives with dementia, says while finding a cure is at the top of his wish-list, ways to increase quality of life for people with the condition is equally important.

28,322

customers received
hardship assistance
via Westpac Group Assist

79

Net Promoter Score
out of 100 for
customers seeking
support through
Westpac Group Assist

Financial hardship

We have specialist teams committed to helping customers when they experience financial hardship. We take a case-by-case approach and work with individuals to help them find a way forward.

We set a high bar for the quality of the service we provide to customers experiencing difficult life events and continue to generate positive Net Promoter Score outcomes. We believe this reflects our commitment to building genuine customer connections, actively listening, and demonstrating understanding and empathy for customers' individual situations.

Sometimes customers find it hard to talk about their financial issues and we are the first bank in Australia to offer customers the option of negotiating payment arrangements through online banking. We also offer customers the convenience of submitting a request for hardship assistance online.

We continue to see regional communities impacted by economic instability following the withdrawal or closure of major local industries. To assist customers impacted by the mining downturn in Western Australia we have set up a dedicated team with case management specialists and will be adopting this approach in other distressed regions.

We are also working with the Australian Bankers' Association (ABA) and the other major banks to evolve a new industry Debt Repayment Service pilot program in 2018 to help customers who are struggling with multiple unsecured debts with different creditors.

Throughout 2017, we helped 28,322 customers with hardship assistance via Westpac Group Assist.

Natural disasters

Westpac has provided disaster relief support for customers affected by natural disasters since 1817 when we launched a disaster relief fund for victims of the Hawkesbury River flood. In the past year, there has been a number of communities affected by natural disasters, including bushfires in Swan Valley and Pilbara Gold Fields, and significant impacts from Cyclone Debbie in North Queensland along with flooding in South East Queensland and Northern NSW in March.

In 2017 we issued 1,885 financial relief packages to affected customers in an effort to relieve some of their worry and help them focus on getting their life back on track. Disaster relief packages offer tailored products such as deferred repayments, emergency funds and temporary accommodation for home and contents insurance customers.

In August, to assist with the ongoing recovery efforts from Cyclone Debbie we also announced a Natural Disaster Recovery Grants program through which we are providing grants up to \$10,000 to community groups working on local recovery projects to help build resiliency to be better able to face the threat of disasters in the future.

A relationship built on trust

Husband and wife team Barry and Liza McGuire's first venture into business in 2012 was designing t-shirts.

"When I was a kid I was really skinny, so my brothers called me Spear," Barry said, describing how their business Redspear was born.

"The red part comes from a dream I had when I was 16 or 17. I dreamt I was in King's Park in Perth, which is a special place for my people. I was surrounded by my ancestors and they painted me red with ochre. There's a lot of significance in dreams, so when we started the business, we called it Redspear."

Redspear developed with business mentoring and support from Westpac's microfinance partner, Many Rivers. However, it wasn't long before Barry and Liza identified a new business opportunity in safety and lifting equipment for the oil and gas, mining and construction sectors.

The pair valued their Many Rivers mentor, Francois Witbooi so much that he joined them as their business partner. Fast forward three years and Redspear Safety's next move is likely to be an expansion into overseas markets, as well as moving to offering services and products.

"We started with three people and no money," said Francois. "It has been the most incredible journey and Westpac has been there from the start."

Barry has had a strong passion for safety since working in the mining sector many years ago and experiencing a fatality at the site, which he describes as "devastating".

During their second year of operation, the team had the opportunity to buy a wire rope spooling machine to provide highly specialised services. They also had a long-term client ready to go but faced a problem common to many small businesses: the cash flow to seize the opportunity.

"The first bank we approached took three weeks to get back to us. With Westpac, we had a meeting set up in two hours," Barry recalls.

After taking their plans and business forecasts to Matt Turnbull, a Westpac Local Business Banker in Subiaco, they received the green light before they even arrived home. "It was one of the greatest feelings I've ever had," he said.

"Being Aboriginal, people always told me you were never going to make it. Being backed by Westpac helps us to stand up and say who we are in the business world. Within a month we had a loan and an asset ready to go."

Matt said that backing Redspear Safety was an opportunity to think outside the square. "It can be hard for startups to secure that initial investment but we could see the projected earnings and the potential," he said.

"Since then the business has doubled its growth year on year and they have signed some significant contracts with high-profile clients."

The relationship between Matt and Redspear Safety has remained a constant in the company's success.

"When we go to Matt and ask for help he's always available to offer his advice and assistance," said Francois.

"The confidence Matt has in us, we take out into the market. It enables us to punch above our weight and makes us feel like we can conquer the world."



Barry McGuire, Managing Director and co-founder of Redspear Safety.
Inset: Barry with Redspear Safety co-founder and General Manager
Francois Witbooi, and Westpac Local Business Banker Matt Turnbull.



Conduct and trust

We're committed to getting it right – and when we don't, putting it right.

Relevant United Nations Sustainable Development Goals



Why is this important?

Banks play an important role in the financial system of an economy and in the personal lives of customers, and mutual trust is fundamental to building long term value. We believe that everyone benefits from a healthy banking sector. It means people can own their own home, depositors' money is safe, and businesses can start and grow. Banks provide the systems through which people get paid, use their credit cards, pay their bills, collect their takings and manage their money. By lending people money, banks help them invest in great ideas and grow businesses that create jobs and drive a stronger economy.

This year, the Edelman Global Trust Barometer, which has measured public trust in 28 countries for 17 years, revealed the largest-ever drop in trust across government, business, media and NGOs¹. In the financial services sector, trust and confidence continues to be low². This sentiment has built up over many years, particularly following the Global Financial Crisis and following instances of poor past practices and inadequate responses to examples of customer mistreatment.

This year there has been a number of high profile incidents involving bank conduct reported across the industry. These incidents don't just damage the reputation of the individual organisation; they affect the reputation of the whole sector.

Against this backdrop we have seen increased levels of political and regulatory scrutiny as evidenced by the many inquiries and reviews into banks, including a number currently in progress. It is also against this backdrop that the Federal Government's Bank Levy was introduced.

Over the course of the year there has been a number of instances where we have been subject to litigation or regulatory review. This includes the ASIC investigation into wholesale Spot FX trading activities between January 2008 and June 2013, which resulted in enforceable undertakings by NAB, CBA, ANZ, Westpac and Macquarie Bank.

In April 2016 the banking industry came together, led by the Australian Bankers' Association (ABA), to launch the Banking Reform Program, a set of initiatives designed to protect consumer interests, increase transparency and accountability, and to build consumer trust and confidence. In his latest independent progress report, former Auditor-General Mr Ian McPhee AO PSM found the banks had continued to make progress delivering reforms and tangible benefits to customers.

Banks are a major employer and our bank employees come to work each day to help customers achieve what's important to them and are committed to the highest levels of conduct and trust. It is up to all the banks, collectively and individually, through their policies, practices and culture, to continue to demonstrate their commitment to change, ethical practices and to restore public trust and confidence.

Our response

Embedding a service culture, focused on doing the right thing



Commitment to raising standards



Products and services



When things go wrong



Industry reform continues

1. 2017 Edelman Trust Barometer.
2. Banking Reform Program. Initial Benchmarking Report – Consumer Study conducted by Edelman Intelligence on behalf of the ABA, August 2016.



“Having been in financial services nearly my whole career, I’m passionate about raising the moral and ethical standards of our industry.

The Banking and Finance Oath is a powerful way for those of us who work in the industry to demonstrate our commitment to personal accountability and helping to restore public trust and confidence.”

Lyn Cobley
Chief Executive, Westpac Institutional Bank
Banking and Finance Oath Board Member

How are we responding?

This year we have continued to deliver on a number of important programs to address conduct and trust. As part of this we are reviewing our products and services and the way we have engaged with our customers. We are committed to getting it right – and when we don’t, putting it right.

A service culture, focused on doing the right thing

Our Code of Conduct incorporates the principles of the Banking & Finance Oath and sets out our values and guiding principles for our people to help make good decisions and do the right thing. The behaviours set out in Our Service Promise are designed to reflect those values and we’ve established a culture where teams come together each week to share service-related stories and experiences.

From CEO communications to how we develop policies and reward our people, we are embedding our commitment to building a culture of service and doing the right thing in everything we do.

We have clear expectations about the standards of conduct that are acceptable in our organisation and where we find instances of misconduct, we take action. This can lead to termination of employment or other form of disciplinary action.

Commitment to raising standards

In *Service leadership* we cover many of our people focused initiatives. In addition, to strengthen our conduct capability, this year we rolled out our refreshed ‘Doing the Right Thing’ mandatory compliance training which includes an ethical awareness component.

In our wealth business, BT Financial Group, our employed advisers and leaders are participating in The Ethics Centre’s Ethical Professional Program as part of our continued focus on raising the bar on professional standards.

Taking on debt is an important decision for customers and lending responsibly continues to be a focus, both for lenders and for regulators, government and the community. Our Responsible Lending Principles and Policy articulates the way in which we meet our commitment to our customers and comply with the relevant legislative and regulatory requirements when providing credit or credit assistance.

In addition to our regular training, this year all home loan lenders in the Consumer Bank completed further training on sound residential lending practices with a strong focus on responsible lending.

To better align our sales practices to Our Service Promise, we have removed all sales incentives for our tellers and our personal bankers are now incentivised equally for sales and service.

Along with the other major banks, in July we implemented the conduct background check protocol to help promote a better banking culture by making it harder for financial services employees with a history of misconduct to be able to move around the industry.

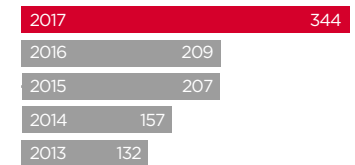
We continue to strengthen our Whistleblower Protection Policy to encourage employees to speak up when they see something not right. This year we increased the channels available to report matters by introducing a dedicated telephone hotline, extended protection to former employees who can now report issues

via the new hotline, and established a program to monitor the welfare of whistleblowers and ensure the effectiveness of protections offered. In addition we have increased awareness campaigns and training to ensure all employees are familiar with our Whistleblowing Protection Policy. A positive result was a significant (10%) improvement to 80% of employees feeling ‘safe to speak up’ in our 2017 employee survey, slightly above the Global High Performing Norm for other organisations using this measure.

This year we also streamlined and integrated our risk and compliance management systems, making it easier and more efficient for our people to identify, monitor, manage and report on risk and compliance matters.

Whistleblowing

Concerns reported on Concerns Online



10%

increase in employees feeling ‘safe to speak up’ in 2017 employee survey



“Some customers simply don’t believe that their bank is capable of reaching a fair and balanced resolution of their complaint.

Through the new Customer Advocate function at each of the major banks we now have a great opportunity to put this right and ensure there is a strong voice for all of our customers.”

Adrian Ahern
Westpac Group Customer Advocate

Products and services

In February 2016 we introduced our revised Group-wide Product and Lifecycle Policy which sets out principles to ensure our products and services meet customer needs, perform as promised, are suitable and fair, and that we provide customers with the information they need to make informed decisions.

This year a governance forum for each division has been in place and we conduct cyclical reviews of products and services against the criteria set out in the policy.

As part of our ‘getting it right, putting it right’ approach, when we identify areas for improvement we make changes. For example, we’re making our product terms and conditions simpler and easier to understand, and we’re introducing new products to respond to specific customer needs such as the new Westpac Lite low cost credit card.

When things go wrong

We have undertaken a lot of work in the past few years to learn from mistakes and fix root causes. Our approach to complaints is to address issues in line with Our Service Promise and ensure these learnings inform changes to our policies and practices.

In November 2016 Adrian Ahern, a former partner in a major law firm, joined us in the newly created role of Customer Advocate to provide an additional independent avenue for customers to seek a review of their complaint. In addition, Adrian’s team is making recommendations on areas for improvement, such as how we can improve the support we provide our most vulnerable customers. As a result a customer council, made up of representatives from consumer support groups, has been established to help us identify the best ways to do this.

Industry reform continues

We’re committed to working with the ABA and the other banks on the Banking Reform Program. Eighteen months in, the reform program is delivering real changes, with a lot more work underway. The Sedgwick Review of product sales commissions and product-based payments will lead to further changes by 2020, the Code of Banking Practice is being redrafted to be more consumer friendly, and we’re part of the ABA Better Banking initiative to raise consumer awareness of the actions being taken across the industry.

On 19 October a Bill to establish the Banking Executive Accountability Regime (BEAR) was introduced into Parliament. This legislation, when enacted, will apply to Westpac.

To further the industry discussion on ethics, in June the Banking and Finance Oath held its inaugural Banking & Finance Ethics conference, at which BT Financial Group CEO Brad Cooper was a speaker.

Conduct and trust are significant issues for the banking sector and we anticipate that the current level of public and political scrutiny will continue for some time to come. We commit to remaining open throughout this dialogue, continuing to drive meaningful change and to demonstrating the value we bring as an important part of our economy and society.

There when you need us

Just after midday on 28 March 2017, Severe Tropical Cyclone Debbie hit landfall near Airlie Beach, in Queensland's Whitsundays. The category 4 cyclone brought with it devastating floods causing over \$2 billion in damage and contributing to 14 deaths. This was Australia's deadliest cyclone since Cyclone Tracy flattened Darwin in 1974.

This is a community familiar with cyclones but Debbie was anything but usual. In addition to its winds of up to 263km/h and massive rainfall, Cyclone Debbie was slow moving which amplified its destruction in the region.

Airlie Beach resident Ian Peterson was glad he was prepared because the eye of the cyclone passed straight through his property.

"Once it arrived it just didn't want to leave. It sat on top of us for hours, zigzagging back and forth," Ian recounted.

Ian, along with his wife, teenage daughter and several prized animals, spent 27 hours in a shipping container prepared to withstand just such a storm.

Once the storm finally subsided, Ian and his family were able to assess the damage.

"It was eerie. It looked like a nuclear bomb had detonated or a bushfire had passed through. There wasn't a single leaf on any tree," he said.

Whilst Ian and his family were grateful they had been spared the worst, the property was still hit by over \$50,000 of damage.

Within 12 hours reality set in. The sewage system wasn't working and the family needed a water pump to provide clean drinking water for the animals.

As soon as the roads cleared, Ian headed into town in search of the critical pump. While there was one pump left at the local hardware store,

the eftpos system was down and Ian had no cash. Thankfully the store manager promised to hold it if Ian could return in an hour and a half with \$1,300.

With all the ATMs in town out of action, Ian was relieved when he saw Jane Tissington, the Westpac Bank Manager at Proserpine, doing what she could to get the bank back online.

"We'd all been through a lot but it was important for people to get access to their money as quickly as possible. Our customers trust us to be there for them in their time of need and we were determined to deliver. We fired up a generator and it didn't take too long till we were able to get the ATM back online," said Jane.

The Westpac ATM was the first in town to be up and running and Ian was the first customer.

"I can't thank the Westpac team enough. They were doing everything to help their customers when they all had their own problems.

"I've known Jane for years as she helped us with our home loan and insurance when we first moved here. Not only did she save me with cash for my pump she was a great help with our insurance claim. I had an assessor at the house within two weeks and we now have everything fixed," Ian said.

"It's important customers know we will be there for them through difficult times," said Jane.



Westpac customer Ian Peterson.
Inset: Ian with his local branch
manager Jane Tissington.

Digital innovation

Embracing the digital opportunity.

Why is this important?

Increasingly consumers are living in a 24/7 digital world. This is changing the way services are delivered and consumed, challenging traditional business models across virtually every industry sector.

In financial services, we continue to see the rise of new business models and emerging technologies, with new entrants to the market and increased collaboration and partnering between fintech startups and the established banks.

A number of trends are shaping the banking industry and the way customer service is delivered, including:

- Customers' evolving expectations are creating demand for tailored, emotionally engaging experiences through real-time data analytics.
- A new wave of smart mobile computing is emerging which understands customer context, anticipates behaviour and instantly responds, bridging the digital and physical to create enhanced service experiences.
- Maturing integration capabilities such as Application Programming Interfaces (APIs) are enabling innovative new services, faster delivery speeds and lowering the barriers to entry for new market participants.

From social, mobile, real-time data analytics and cloud to robotics, artificial intelligence (AI) and machine learning, technology is constantly evolving to transform the customer and employee experience.

In the payments space, new models continue to evolve such as peer-to-peer lending, blockchain-based payment systems and the use of cryptocurrencies. Mobile banking has taken on a whole new meaning with new payment platforms being created by e-commerce and social media services.

In what will be the biggest change to the Australian payments landscape in more than 20 years, the industry is preparing for the introduction of the New Payments Platform (NPP) next year. NPP is designed to meet the evolving needs of a 24/7 digital economy – enabling customers to make faster, more convenient, secure and data-rich payments.

Trust in the digital world

The sophistication and volume of cybersecurity attacks continues to challenge all organisations, across all industry sectors and regions.

We're now one year into the Australian Government's Cyber Security Strategy, central to which is the recognition that government, the private sector and the community must work together to share information and strengthen our collective defences against cyberthreats. Westpac supports this approach.

Protection of individuals' data continues to be a significant concern and in February the Privacy Act 1988 (Cth) was amended to include a mandatory data breach notification scheme, requiring organisations to notify affected customers and the Privacy Commissioner following a breach. In preparation, organisations and federal agencies are developing practices and procedures to enable them to meet the new obligations, which are expected to come into effect early next year.

With more people using more online devices and sharing more data we continue to evolve our cybersecurity capabilities, ensuring customer privacy and information security remain at the fore as new business models and digital solutions emerge.

Relevant United Nations Sustainable Development Goals



Our response

Enhancing the digital experience

+

Transforming our technology systems and environment

+

Advancing innovation

+

Strengthening cybersecurity

How are we responding?

To embrace the digital opportunity we are investing in our mobile and online banking platforms and our technology infrastructure, exploring new ways to innovate – both in-house and through partnering and investing, and we continue to strengthen our capability to protect the security and privacy of our customer and business information and systems.

Enhancing the digital experience

Digital Transformation is a key pillar in our Service Revolution strategy.

During the year, 160 new features and enhancements were introduced across our digital banking platforms. Highlights include:

- *Westpac Quick Transfer*, which makes our mobile banking app the first in Australia to allow transfers without having to log in. Since launch we've seen an 80% increase in Quick-zone usage, representing approximately 15 million sessions per month across brands.
- CashNav, our free money management app to help our New Zealand customers track their spending has now had more than 97,000 downloads.

Digital Transactions

(millions)¹

2017	591
2016	541
2015	495

- We've digitised the personal loan application process which means that single applicants can now apply online for a personal loan (secured and unsecured), receive an instant response, accept their contract electronically and receive funds automatically 24/7.
- St.George customers now have their transactions automatically categorised into groups such as bills and payments, food and beverages, etc, enabling them to see their monthly spending habits by selecting pre-defined expense categories.
- Existing Westpac business customers (sole traders and sole directors) can now request an unsecured business overdraft online, without the need to go into a branch.
- Adding superannuation and insurance into BT Panorama, we have completed the digitisation of this integrated wealth management platform for financial advisers.

Transforming our technology systems and environment

To position us well for the future, we are delivering on several major technology transformation programs.

To deliver a One Bank experience for our customers and our people, we're building the Customer Service Hub. The Customer Service Hub will enable a 21st century customer and banker experience by simplifying, standardising and digitising our products and services to allow an "anytime, anywhere, any channel" experience. This will replace the multiple systems and processes we currently have across our various brands. The program will roll out in three phases over five to seven years.

We are working to simplify and standardise our technology infrastructure. The Infrastructure Transformation Program is creating a new infrastructure capability on a single technology platform and provides our customers with greater security and system stability. This year we have implemented a hybrid cloud environment that delivers agility for our major change programs, while reducing the time to provision infrastructure from weeks to days. Fifty four projects are now using the hybrid platform-as-a-service.

A workplace transformation program to standardise operating systems across the Group is also underway. This will improve controls and enhance productivity in managing our infrastructure.

160

New features and enhancements introduced across digital banking platforms

2017 Canstar Innovation Excellence Award for Westpac Quick Transfer

1. Australian Consumer and Business customers. Digital transactions are typically payments and transfers.



“The Australian startup ecosystem has grown exponentially over the last few years. In partnership with Westpac, Reinventure has been deeply involved in the establishment of key infrastructure in the startup ecosystem including Stone and Chalk, Fintech Australia, the Sydney Startup Hub and the FUELD data accelerator.

By supporting fintechs working on new technologies, we’re contributing to better innovation outcomes for Australian businesses and consumers, and finding new ways to foster collaboration between established businesses and startups.”

Simon Cant
Managing Partner, Reinventure

Minimising service interruptions

System availability and minimising technology outages remains a key priority.

For the times when we need to take systems offline to perform essential system and security upgrades, we seek to minimise disruption to customers by performing this work overnight or over weekends when usage is at its lowest. We also let customers know about planned maintenance ahead of time via our mobile app, online banking platform and social media channels to help people plan ahead.

During the year, a small number of unplanned outages occurred, to which we responded immediately to minimise disruption to affected customers. We take all outages seriously and continue to re-engineer our outage processes and improve the way we communicate with customers when incidents happen. This year we have reduced St.George online banking planned outage time by 58%.

Advancing innovation

To complement our in-house initiatives, we also invest in and partner with many different types of organisations.

Principal investments

This year we have invested in Assembly Payments, a payments platform that provides operators with payments processing, escrow, fraud management, end-user support and dispute resolution.

In August we announced a \$40 million strategic investment in ASX listed zipMoney Ltd (“Zip”), one of Australia’s leading providers of digitally-embedded finance. Zip is creating innovative solutions for digital wallets and digital instalment plans, bypassing the traditional credit card.

Taking an invest-to-partner approach, Assembly Payments and Zip follow on from our investment in Uno, a digital mortgage broking platform.

Westpac is a founding partner of Stone & Chalk, an Australian fintech innovation hub. In September, we announced a partnership with Stone & Chalk and Data Republic to launch FUELD, an industry-leading data accelerator program, together with Amazon Web Services and Reinventure. The FUELD accelerator program will connect early-stage startup teams to a range of powerful data-sets on Data Republic’s data-sharing platform, allowing them to solve customer and business problems across a range of industries.

Venture capital fund

As well as direct investments, we continue our activities through the Westpac-backed \$100 million venture capital fund, Reinventure. This included investing in Hyper Anna, an artificial intelligence data analytics solution that enables businesses to derive insights from their data collections without needing in-house data scientists.

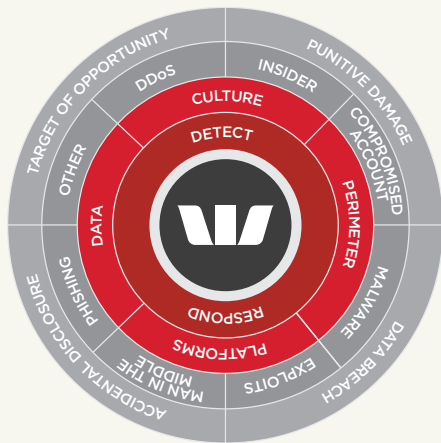
Encouraging technology innovation

With a shortage in the technology skills that will be needed for the digital future, particularly in STEM, we take part in a number of initiatives to help promote and foster greater awareness and interest.

Our annual Westpac Innovation Challenge provides a platform for entrepreneurs to innovate to improve different industry sectors. This year’s competition encouraged ideas that look to improve Australia’s professional services sector, with a particular focus on accounting and legal practices.

As well as making maths education freely available through our Mathspace partnership, we also sponsored Code Camp, an organisation that provides coding classes for children between years two to six. And for the second year we partnered with Vogue Australia and Telstra to present Vogue Codes, a series of panels and events designed to encourage women and girls into a career in technology.

We have a sophisticated, robust system of controls, detection and response to protect data from cyber threats.



Strengthening cybersecurity

We take the security and privacy of our customer and business information and systems seriously and deploy and maintain security controls and procedures which are monitored and reviewed to ensure they are relevant and operating effectively.

Many of these controls focus on preventing attacks and protecting data. These operate at various levels. At the edge of our network where our networks connect to others such as our business partners and the internet, we operate a layered set of controls to protect our systems and people from attacks. Inside our network, our servers and devices have both secured configurations and an additional set of capabilities to protect against both malicious software and attack. We also take measures - like encryption - to protect sensitive data as it's stored and moved around. As no set of preventative controls can successfully block every possible attack, we complement these with detection controls that look for tell-tale signs of attack. These trigger responses are designed to contain and restore the affected system.

We regularly assess our approach as both attacker techniques and available control options continue to co-evolve.

The Group continues to invest in new cybersecurity capability, with more than 20 control enhancement projects currently underway. So far, the program has delivered a multilayered set of new or improved security capabilities. In 2017 areas of focus included additional detection and response capabilities, and controls around user access, privileged access, and protecting high-risk data. This has served to improve both the Group's ability to prevent attacks and to detect and respond to events.

People are key in helping to maintain cybersecurity controls. For this reason, we continue to work with customers and our people to raise their understanding of modern cybercrime and cybersecurity threats, including the best ways to protect themselves.

For employees, we have conducted both broad-based education, simulated phishing campaigns and awareness activities and provided tailored advice. In doing so, our goal is not just to improve their resilience but to engage our people as a powerful additional detection network.

Ransomware, where the victim is prevented from accessing their systems or data until a ransom is paid, has almost doubled in Australia with an increased impact on businesses and corporations. To raise awareness, this year we delivered cybersecurity information sessions to more than 3,000 business customers across Australian capital cities. We also continue to provide up-to-date security advice on our digital channels, supplemented by direct messages where relevant such as via our online banking platform.

We are also aware that we are part of a broader ecosystem of cybersecurity defenders. To that end, we are determined to be a strong contributor to both industry and government forums, collaborating on threat intelligence and sharing good practice. Globally, we are part of both the Financial Services Information Sharing and Analysis Centre and the Information Security Forum. Domestically, we are members of a number of information sharing partnerships, both within the financial services sector and more generally. We are working closely with the Joint Cyber Security Centre (JCSC) team, part of the Australian Government, to support both their implementation work and future operations.

We also continue to explore innovative approaches to cybersecurity, and look for opportunities to support cybersecurity startups, particularly Australian businesses. One such partnership is with QuintessenceLabs. In 2017 we both increased our investment in this quantum technology-based cybersecurity startup, and named it one of the top 20 Businesses of Tomorrow.

Protecting our customers' trust and privacy will remain at the heart of our information security strategy.

3,000
business customers participated in cybersecurity information sessions across Australia



Monsta Surf founder
Cam Greenwood



Inspiring a global tribe through the power of social media

Mooroolbark, on the outskirts of Melbourne, may not be the first place that comes to mind when thinking of surf brands, but it is here that 24 year old Cam Greenwood turned his backyard dream of making surfboards into a thriving online surf wear business.

“My friends thought I was crazy to pursue this dream but using social media we’ve been able to build a business and share our adventure around the world,” said Cam.

Cam began crafting surfboards in 2012 before moving into apparel after a life changing trip to Kenya. In October 2013, the Monsta Surf website went live and the orders flooded in.

The brand continued to expand with a steady annual growth rate of around 60% over their first four years and now has customers in over 40 countries around the world.

The power of social media and the online presence of Monsta Surf have been instrumental, with Cam’s primary market of millennials quick to connect through Facebook and Instagram.

“The tribe we’ve created has become much greater than ourselves, with people taking ownership of our mission to encourage passionate living and spread it in their own communities.”

“People tell me they’ve seen our brand in the most random places like a tiny town in South America or Iceland. It’s crazy. I’ve put my heart out to the world on social media, sharing what we’re doing and where we want to go and it’s really helped people become part of the adventure,” he said.

“Being driven and run by a group of millennials, we understand our consumers and we love the challenge of disrupting established brands and markets. Using digital channels and creating a great online store means we can reach a global audience without the need for costly infrastructure.”

Along with starting the business, Cam has also created the Monsta Foundation as a way of contributing to communities locally and overseas. This includes development projects at Huruma in Kenya, water filtration and education projects in South East Asia and disaster relief work. They also take groups on ‘Awareness Adventures’ to the project they support in Kenya.

Cam’s relationship with Bank of Melbourne began in late 2014, when he met Regional General Manager for SME Banking, Damian Brander at a business lunch. The two connected immediately and have been working together since.

“What Cam has built and his vision for the future is inspiring. It’s been exciting being part of the journey,” said Damian.

The Bank of Melbourne has been the company’s banking and finance partner since the early days, helping them expand with business loans and providing point of sale products at their popular pop up shops.

“Working with Damian and the team has been a massive boost for our business. They’ve supported me with events and connections that have given me experience and wisdom beyond my years,” said Cam.



Workforce of the future

We're building a diverse and highly skilled workforce – with a culture focused on service – to help us embrace the future of work.

Relevant United Nations Sustainable Development Goals



Why is this important?

Children born today are expected to live beyond their 100th year. During this longer lifetime, the nature of work and education is likely to change multiple times. To meet the needs of the changing workplace and continue to attract and retain a diverse and highly skilled workforce, the employment proposition needs to evolve.

Customer expectations of how and when they like to access banking services is changing. For some banking activities there will be greater demand for digital solutions, for others the quality of the human connection becomes more important.

Advancing technologies including automation models such as robotics, machine and cognitive learning, are changing the way services are delivered. Futurist Shara Evans notes in a recent WEF report that organisations can expect to see a 'net loss of over five million jobs in 15 major developed and emerging economies', which includes Australia by 2020 as a result of automation as well as socio-economic and demographic changes¹. Yet according to a recent study by Randstad, 84% of the Australian workforce do not think automation will have an impact on their role².

Progressive organisations are looking at ways to build a culture of life-long learning and provide support for employees to re-skill in order to build the capabilities required for the jobs of the future, particularly in areas of skill shortages such as STEM.

As the general population changes, it's important that this is reflected in the workplace. This drives innovation, diversity of thought, and products and services that better reflect the needs of the communities that we work in.

To attract and retain a diverse workforce, now spanning across five generations, the employment proposition must take on a very individual focus with each person having their own expectations, skillsets and wellbeing needs, and an environment where people can bring their whole self to work.

Over a lifetime, up to 80,000 hours will be spent at work³. As professional and personal life continues to blur, it's important to recognise the impact on mental health and wellbeing and to foster an environment that enables people to flourish and seek help when they need it.

Leaders play an important role in modelling the desired culture of an organisation and supporting the needs of each individual, especially as they navigate the opportunities and challenges of the increasingly complex world of work. To assist leaders, investment in the right development and tools is needed.

How are we responding?

We are working to build a diverse and highly skilled workforce, with a culture focused on service, to help us embrace the future of work.

Our service promise

At the heart of everything is Our Service Promise. In *Service leadership* we cover our people initiatives to build our service culture. With conduct top of mind across the financial services industry, our people initiatives in this area are covered in *Conduct and trust*.

Our response

Our service promise

+

Building the skills for the future

+

Inclusion and diversity

+

Wellbeing

1. World Economic Forum, Five Million Jobs by 2020: the Real Challenge of the Fourth Industrial Revolution, Published January 2016.
2. Randstad Employer Brand Research 2017.
3. <https://8000hours.org/career-guide/introduction/>

Our Workforce Revolution strategy – a key pillar of Westpac Group’s Service Revolution strategy

Create an inspired, values-driven culture that is dedicated to service

Create a talent factory that creates and sustains the most skilled workforce

Sustain the most productive and engaged workforce in the industry

HR practices which support a great service business

Building the skills for the future

Traditionally an individual would go to school, perhaps study further, then start a job. Today, with the rapid pace of business and technological change, organisations need to help their employees approach learning new skills, throughout their whole career, in a culture of life-long learning.

A major highlight of the year was making LearningBank, our online, self-directed social learning experience available to all employees. LearningBank provides access to learning content which employees can tailor to their own professional and personal interests and set their own pace for what, when and how they like to learn. LearningBank is also available to our Westpac Scholars through the Westpac Bicentennial Foundation.

As well as service oriented training, we’ve introduced programs to help our people leaders lead in the more culturally diverse, customer-centric digital world. Areas of focus include trust and care, and agility and innovation. More than 900 leaders are taking part in the Certificate of Executive Leadership which will give them professional accreditation with the Australian Graduate School of Management (AGSM) in Australia and the University of Auckland in New Zealand.

We also launched The Business Institute to help our business bankers continue to develop their career through access to leading business education content and learning.

New ways of working

Most large organisations have parts of their business using Agile practices for some types of project delivery. This is a methodology that encourages people to think differently, deliver faster and collaborate across different teams and functions.

For many of our technology teams, Agile is now the day-to-day preferred method of working. To assist more teams across the Group to embrace Agile practices, we’re now rolling out more LearningBank resources, providing support through Agile coaches and sharing best practices.

As well as Agile project delivery, more of our people have moved to an agile workplace. By late 2018, more than 6,000 employees in Sydney and Perth will have joined the 10,000 already working agile in Melbourne, Brisbane and Sydney. With sustainable design and the latest technology, these workplaces feature a range of work settings to support different types of work. Giving people choices about where, when and how they work is having great results, with employee surveys showing this new way of working is improving collaboration, productivity, flexibility and wellbeing.

Performance, development and reward

Five divisions have now moved to Motivate, our new approach to performance, development and reward, with the remainder set to follow in 2018. Under the new approach, there’s a greater emphasis on assessing behaviours as well as performance, and replacing annual goal setting and performance reviews with regular goal setting and quarterly performance review discussions.

Employee engagement

In 2016 we introduced a new Group-wide employee engagement survey. Since then action plans were developed throughout the Group to address specific areas identified as needing greater focus. The results from this year’s survey demonstrate good progress in all key areas and an overall engagement score of 79%, placing the Westpac Group in the top 25% of companies globally against the survey benchmark.

The highest scoring areas include belief in our vision, confidence in senior leadership and pride in the organisation. Pride is a particular standout given the challenging external environment and may in part reflect the level to which our employees connected with our bicentenary activities this year.

Areas for improvement continue to be around making it easier for our people to deliver great service for our customers, particularly simplifying policies and procedures. Programs of work to improve in these areas will continue.

79%
employee
engagement score



Brian Hartzler Westpac CEO celebrating some Australian firsts with Judy Scott, 1st female bank teller; Gail Kelly, 1st female CEO of a major bank; Helen Lynch AM, 1st female bank manager & 1st female general manager; and Ann Sherry AO, who introduced 1st paid maternity leave for corporates.

IMAGE CREDIT: Adam Hollingworth

Inclusion and diversity

Inclusivity is more than the diversity of people around the table; it is the extent to which they feel included and are participating in conversations and decision-making. Our approach is broad, focusing on the different views and experiences of our people and the decisions of our leaders. We believe this drives innovation, enables our people to bring their whole self to work each day, and helps us deliver better service for our customers.

Gender diversity and women in leadership

Over the years, we've had many firsts – appointing Australia's first female teller, first female branch manager and first female CEO of a major bank, and an important gender equality milestone this year is reaching 50% women in leadership roles¹.

This was an ambitious target when first set and is the result of sustained focus in this area over several years. We have also achieved our target of increasing the number of women in general management positions to 41%.

Our focus areas now are on retaining and continuing to develop our pipeline of female and diverse talent, particularly in functions with lower female participation. We also continue to promote gender equality, both internally and externally. Initiatives include the launch of the *200 Women: Who will change the way you see the world* storytelling project, our Equilibrium program for high potential female leaders and our Women of Influence awards.



200 Women: Who will change the way you see the world, a storytelling project that embraces diversity and equality in all its forms.

1. Proportion of women (permanent and maximum term) in leadership roles across the Group. It includes the CEO, Group Executives, General Managers, senior leaders with significant influence on business outcomes (direct reports to General Managers and their direct reports), large (3+) team people leaders three levels below General Manager, and Bank and Assistant Bank Managers.

Inclusive leadership

We have completed the roll-out of our inclusive leadership program to senior leaders. The program built upon our previous unconscious bias program, in place since 2013. We have now also designed a customised inclusive leadership program for our middle management cohort that will be delivered through an innovative approach introducing theories such as privilege and recognising bias.

Embracing cultural diversity

As the Australian population becomes more culturally diverse, it's important that our workforce is reflective of the broader community.

The number of our employees indicating they have a background other than Anglo-Celtic continues to increase.

We are committed to creating an inclusive environment where people can feel proud to share their diverse backgrounds and bring their whole self to work.

In February, we partnered with the Australian Human Rights Commission and Deloitte Australia to launch the Customer Diversity Research Report "Missing out - The business case for customer diversity". The research, also supported by partners Qantas, QBE and SBS, offers valuable insights into the benefits of inclusion of diverse customers in Australia and presents the business case for a positive and proactive approach to customer inclusivity.

For information on our commitments to creating employment opportunities for underrepresented groups including Aboriginal and Torres Strait Islander Australians, and refugees and people seeking asylum, see *Positive societal impact*.



"The important principles to start with are fairness, equality and inclusion – we want everyone to bring their whole self to work and be the very best they can be.

We need to be relentless in removing barriers to employment and leadership, and in hard and soft wiring the organisation for equality."

Christine Parker
Group Executive,
Human Resources, Corporate Affairs
& Sustainability,
Westpac Group

50%

Achieved important gender equality milestone with 50% women in leadership roles



“It was an honour to be involved in Australia’s first ever Corporate LGBTIQ Summit.

Westpac Group continues to be a leader in fostering inclusion not only for its LGBTIQ employees but for the broader communities which it serves.

Whether it’s local government, small businesses or large corporates, we all have a role to play in fostering an inclusive environment where everyone is able to bring their whole selves to work.

It is encouraging and inspiring to see Westpac Group’s longstanding commitment to the LGBTIQ community.”

Professor Kerry Phelps

Keynote speaker at Australia’s first corporate LGBTIQ Summit, Westpac’s GLOBAL LGBTIQ Summit

Inclusion for all

Beyond gender and cultural diversity, we also seek to support people with different life experiences, ages, abilities, sexual orientation, thoughts and perspectives.

Earlier this year we announced the *Westpac Accessibility Action Plan* (AAP) for 2017-2020 to coincide with The International Day of People with Disability. The AAP is our public commitment to continuing to enhance access and inclusion for our employees, customers and communities. For our employees, key commitments include:

- Creating awareness on a range of accessibility requirements across customers and our people, and delivering training programs to meet those requirements.
- Delivering workplace resources such as expanding Auslan capabilities.
- Delivering workplace resources such as video captions on internal communications and inclusive design principles into new and existing corporate sites.

1st LGBTIQ corporate summit

With the ongoing public debate on same sex marriage in Australia we have continued to make a public commitment of our support to a workplace that is safe and respectful for our LGBTIQ employees. In 2016 we signed an open letter in support of marriage equality. During the year, our LGBTIQ Employee Action Group hosted Australia’s first corporate LGBTIQ inclusion summit which featured a number of high profile speakers from business, sport and entertainment including Professor Kerry Phelps, SBS CEO Michael Ebeid and rugby league legend Ian Roberts.

Working flexibly

Workplace flexibility improves productivity, engagement and wellbeing, and enables inclusion for more people who also have caring, cultural or community responsibilities. Every role is automatically considered flexible and can take many forms. For some people it is having the flexibility to work from home, for some it is job sharing, for others it can be working reduced hours or purchasing additional leave. Our vision is to make workplace flexibility common practice and we provide many resources to help employees and people leaders embrace this.

Currently approximately 74% of employees use flexible work arrangements with a slight increase in the number of males working flexibly since last year. There is only 4% difference between our men and women working flexibly.

With only one in fifty Australian men taking parental leave, we have a long way to go to normalise fathers choosing to stay at home to care for a child. To raise awareness of the issue and options available, Swedish Dads, a new photographic exhibition featuring portraits of dads on parental leave, was featured in our Sydney Barangaroo office. The exhibition examines why these dads have chosen to stay home with their children, what the experience has given them, and how their relationship with both their partners and children changed as a result.

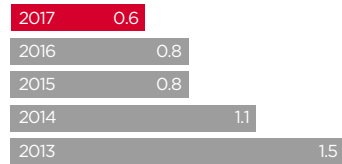
74%

of employees using flexible working arrangements

628

Number of Aboriginal and Torres Strait employees recruited by 2017, ahead of our target of 500

Lost Time Injury Frequency Rate



Wellbeing

Two years ago we introduced a Group-wide strategy to support the wellbeing of our people which centres around five key areas – family and community, finances, health, values and work.

This year our focus has been on embedding wellbeing into our culture, business policies, tools and practices. For example, wellbeing is now a topic regularly discussed in team Service Promise huddles, ‘care’ is at the very top of our leadership management framework, and all new people leaders attend training on wellbeing conversations. LearningBank has provided a platform for all employees to access self-paced learning material to support their wellbeing, and we continue the rhythm of providing health, safety and wellbeing focused activities for people leaders to discuss with their teams each month.

Across the bank, each division has appointed an executive sponsor for wellbeing and has their own wellbeing plan to bring the strategy to life. For example, across the Group, employees were encouraged to participate in a 100 day health and wellbeing challenge, with some divisions then providing health checks and nutrition education in areas where greater physical health support was needed.

We continue to see a rise in the number of employees accessing support through our Employee Assistance Program, from 6.39% to 7.59%. This is a positive trend as it indicates that people feel safe and supported to seek help when they need it. With personal relationships and mental health being the two most common reasons for accessing support, this reflects the continued blurring of personal and professional life and reinforces the need to support our people as a ‘whole-being’.

Domestic and family violence has had an increased focus in the community and workplaces over the past few years. In 2013 we introduced paid domestic and family violence leave and last year expanded our Employee Assistance Program to offer dedicated support delivered by specialist clinicians. This year, the Domestic and Family Violence employee action group rolled out new resource guides to help educate employees on the support available and help leaders understand their role in supporting those impacted. Often victims of family and domestic violence find themselves financially vulnerable due to not having control or access to finances so another focus this year has been to provide better financial support for our employees.

Throughout the year we have increased internal awareness of health, safety and wellbeing in a variety of different ways. For example, on our intranet and internal social media channels, employees have shared their personal stories on issues such as domestic and family violence, suicide awareness and men’s health; for R U OK? Day we encouraged people to have a meaningful wellbeing conversation with their colleagues; we supported Mental Health Month with information on sleep and positive steps to own your wellbeing; and last November we again partnered with the Finance Sector Union to host a fundraising event for White Ribbon to prevent violence against women.

As well as the wellbeing of our employees, we’re committed to helping improve the wellbeing of our customers. To help our frontline staff feel more confident when assisting customers in challenging situations, we provide them with a full suite of training options. We also recently rolled out a new ‘Responding to Customers in Distress’ guide. More about the assistance we provide for vulnerable customers is covered in *Service leadership*.



Opening the door to new career opportunities

For the first 25 years of her career, Johanne Parniczky was in aviation. First as a flight instructor, then as a commercial airline pilot. Today she is a Change Director working on one of Westpac's biggest technology infrastructure programs.

"Being an airline pilot and working in technology may at first seem worlds apart, but in fact it's surprising just how transferrable skills between industries can be," says Johanne.

According to research published by the Foundation for Young Australians in The New Work Mindset, today's 15-year-olds will likely navigate 17 changes in employer across five different careers. At Westpac we recognise that careers are changing and we are supporting our people to keep developing their skills and to take a broader view of how experience and skills gained in one area can bring fresh perspective and innovation when applied to different roles.

As a flight instructor Johanne became very interested in 'human factors' - the science around understanding how humans respond to events and make decisions and how this can be used to improve processes and systems. In aviation the focus was on operational performance and safety, however this way of thinking can be applied to any industry.

"Technology is all about helping people - finding ways to make things better, simpler, easier, faster," says Johanne.

With the program Johanne is currently working on - migrating all Westpac employees from various IT operating systems to one standardised platform, this is particularly relevant. "There's a huge opportunity to bridge the gap between unmet needs and technology - making sure we're designing solutions with the customer in mind," says Johanne.

Why the career change? "I don't see it as a career change. I see it as a very natural evolution," says Johanne.

"For me the financial services sector was very appealing as banks are driving some of the most innovative technology change programs and are really setting the agenda in change management practices."

"There are so many different career paths available in technology. Obviously there are very technical roles which can scare people, especially women, but in reality there're all kinds of opportunities."

"I've now built a diverse team from many different backgrounds and sectors and many have gone on to build a flourishing career in technology. I couldn't be more proud."

Johanne is a great advocate for continuous learning. Having completed her MBA last year, she's always reading and takes advantage of the learning programs available through Westpac. "We're very fortunate to have LearningBank, an online learning portal through which employees have access to literally thousands of online courses, learning modules and articles. I'm forever exploring new content."

With a young son, Johanne also likes the ability to work flexibly. "I work full time, however my husband is a pilot and is away every second week so on those weeks I plan my work around school drop-offs and pick-ups and I work from home one day that week. I've set up a great home office and find this really works for me and my family."



Positive societal impact

Helping to create positive social, economic and environmental impact, for the benefit of all.

Relevant United Nations Sustainable Development Goals



Why is this important?

The financial services sector – in both its role as a market facilitator and as a large economic and social contributor – can play an active role in creating positive social, economic and environmental impact that will contribute to a fairer and more inclusive future for all.

In recent decades Australia's economy has continued to prosper, however not everyone has shared in the benefits.

Following the mining boom the economy is rebalancing towards a knowledge-based economy. Those with the right skills, established wealth and opportunities are doing well, while others are struggling.

Home ownership levels continue to fall and affordability is now one of the key issues facing our community. In the 2017 Federal Budget, the government announced a set of measures to tackle housing affordability, citing figures that showed that at the end of June 2016 there were almost 200,000 households on social housing waiting lists, and the number of low income households experiencing rental stress is increasing¹.

As well as economic shifts, there continues to be demographic shifts. The 2016 census shows that the population is ageing, with one in six now over 65, and that cultural diversity is growing².

This year marked a milestone in Australia's history of Indigenous relations as we recognise 50 years since the 1967 National Referendum and 25 years since the Mabo decision. A further step towards reconciliation was made by Indigenous Australians through the historic Uluru Statement from the Heart. While there are areas of progress, according to the 2017 Closing the Gap Prime Minister's report, there is still considerable work to be done to close the gap in health, employment and education outcomes for Indigenous Australians³.

Climate change is a central issue with global greenhouse gas emissions having grown by nearly 80% since 1970. This calls for a scientific, practical approach to finding innovative ways to reduce global warming and helping to transition to a net zero emissions economy.

There is wide recognition that to solve entrenched issues, an open and collaborative dialogue between government, industry, business and community is required. Since the launch of the United Nations Sustainable Development Goals in 2015, there has been an increasing effort to achieve this cross-sector collaboration.

Our response

Lending and banking solutions



Sustainable and impact investment solutions



Leveraging our supply chain and workforce



Grants, scholarships and capability building



Community giving

1. [A comprehensive affordability plan for all Australians.](#)
2. [Census of Population and Housing: Australia Revealed, 2016.](#)
3. [Closing the Gap, Prime Minister's Report 2017.](#)

How are we responding

We are applying our skills, expertise and resources across a range of areas reflected in our positive impact continuum.

At one end are our philanthropic initiatives including charitable donations, community grants and fundraising. As we move through the arc, initiatives are focused on creating greater shared value – from how we direct our supply chain spend by procuring from underrepresented groups, through to employees sharing their skills and expertise by volunteering. It also includes creating new investment approaches and lending and banking solutions to sectors creating positive social, economic and environmental impact.

\$22bn

positive impact financing as at 30 September 2017 to CleanTech, environmental service sector, banking services for Indigenous Australian customers and those operating in the social sector



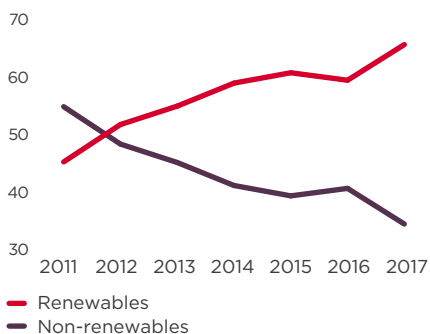
Lending and banking solutions

Investing in clean energy solutions

This year we increased our committed exposure to the CleanTech and environmental services sector, taking our total committed exposure to \$7.0 billion, 16% ahead of our \$6 billion target. This is despite introducing more stringent criteria in 2015 for the green buildings exposures we include in this portfolio. Overall, our finance is directed towards renewable energy, green buildings, forestry, energy efficiency and green business initiatives. As part of our recently launched Climate Change Position Statement and 2020 Action Plan, we have set new targets for 2020 and 2030. We define climate change solutions as those technologies and practices that are consistent with the investment required to limit global warming to less than two degrees and address its impacts.

Our financing to the renewable energy sector has continued to increase, now accounting for 65.6% in our total electricity generation. This is a 10.2% increase from 2016 and a 17.7% increase from 2013. The emissions intensity of our portfolio continues to be well below the emissions intensity of the National Electricity Market benchmark.

Westpac's lending to the electricity generation sector - Australia and New Zealand (%)



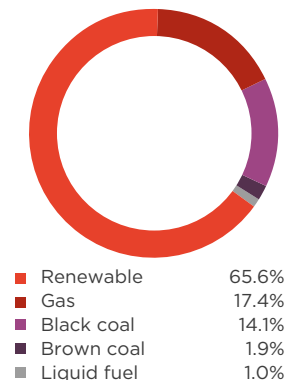
1. Green Star is an internationally-recognised sustainability rating system for the design, construction and operation of buildings, fit-outs and communities.

Environmental solutions

During the year, we partnered with the Tasmanian Government and Aurora Energy to deliver the Tasmanian Energy Efficiency Loans Scheme. Our solution uses a low rate credit card for expenses up to \$10,000 and an Equipment Finance product for business applicants up to \$40,000. Since its launch in July 2017, there have been 3,200 applications and the scheme has delivered 1,283 approvals for a funded amount of \$8.7 million. We see this as a great example of business and government collaboration to achieve positive environmental outcomes. The second phase of the scheme includes a \$40,000 interest free loan over a maximum five year term for small to medium businesses, with 350 businesses already registered.

This is in addition to ensuring the environmental impacts of our own business operations are minimised. We have been measuring and reporting on our climate-related metrics since 1996, established new targets to provide a more detailed view of our performance in 2012 and received carbon neutral certification since 2013. A highlight this year was our Bank of Melbourne flagship branch at 525 Collins Street achieving a 6 Star Green Star - interiors rating¹ from the Green Building Council of Australia, making it the first 6 Star bank branch in Victoria.

Distribution by fuel type of Westpac's electricity generation finance portfolio - Australia and New Zealand (% TCE)



Investment in social and affordable housing

There are a number of issues impacting the growth of the social and affordable housing sector, not least the funding gap between what people can afford to pay and what it costs to develop and run community housing. The community housing sector in Australia is still developing, with many opportunities being approached on a project-by-project basis which makes it difficult to replicate at scale. For this reason, while our lending to the social and affordable housing sector increased to \$1.32 billion in 2017, it falls short of our goal of \$2 billion.

Positive moves underway

Following the release of the Future Directions for Social Housing policy last year, the NSW Government Communities Plus program is seeking to increase the stock of social housing by introducing a mix whereby the density is increased with 30% social and 70% private housing, via competitive tender, for the development of social and affordable housing.

Westpac's biggest single lend in the social and affordable housing sector is a \$61 million facility for community housing provider SGCH, which is facilitating construction of up to 285 dwellings across Sydney.

Besides lending, we have made a \$1.3 million charitable contribution over the last three years for Mission Australia's Missionbeat Outreach program to expand their service model to provide the more intensive support people need to end the cycle of homelessness and secure housing.

In New Zealand, Westpac increased its lending to the sector from \$24.5 million to \$148.8 million in 2017, largely due to our financing package to Accessible Housing to support their acquisition of Housing New Zealand stock in Tauranga. We also progressed Tamaki Regeneration and Christchurch Housing New Zealand stock transfer - two other large scale social housing transactions - to bid stage, however, due to a change of government, there is now uncertainty as to whether these transactions will be completed.



"It's clear that there's no magic bullet to solving our housing affordability challenges in Australia. However, community housing providers can have real impacts through their ability to develop social and affordable housing in a way that creates additional supply and drives positive tenant outcomes.

Westpac's commitment to partnering with community housing providers is a game changer. Without capital we won't be able to transform outcomes and deliver additional supply to give people in crisis new homes to live.

The real return from Westpac's commitment may be that governments transfer title and enable the innovation occurring in the community housing sector to make a bigger impact on this nationwide problem."

David Borger
Director, Western Sydney Business Chamber,
NSW Business Chamber
Director, evolve Housing

1st

Westpac Climate
Bond Impact Report
published

\$5.3m

supply chain spend
directed towards
Indigenous Australian
suppliers, exceeding
our \$3m target by 2017

Backing Indigenous businesses

We have had a dedicated Indigenous Business Banking team since 2014 and we plan to continue growing this team and expanding our geographic coverage.

Last year, the team signed a five year agreement with Murdi Paaki Regional Assembly (MPRA), the peak body that represents the interests of Aboriginal and Torres Strait Islander people across Western NSW, through which we're delivering face-to-face financial literacy programs across 16 local communities.

Our 2018-20 Reconciliation Action Plan sets out our commitments to backing Indigenous businesses as customers, in our supply chain and through our microfinance and business support. Our focus areas reflect our commitment to the UN Sustainable Development Goals and support for the UN Declaration on the Rights of Indigenous Peoples.

We now have more than 1,000 Indigenous businesses within our customer base, a 5.5% increase since last year. Our *Service leadership* section has more information on how we support our Indigenous customers.

Since the inception of Many Rivers Microfinance in 2008, 1,658 business owners, of which 745 are Indigenous (45%), have established or expanded 1,423 businesses with the assistance of Many Rivers and Westpac microfinance loans.

Since 2015, we have provided \$2.25 million in funding over three years, towards Many Rivers' operating expenses. Going forward, we are committed to supporting at least 110 small Indigenous businesses a year over the next three years.

Sustainable and impact investment solutions

During 2017, momentum remained strong in Australia for impact investments and we continued to be approached for more opportunities in this sector.

Reporting on climate bond impacts

This year we issued the first offshore foreign currency Climate Bond by an Australian bank and published our first *Westpac Climate Bond Impact Report*, the only bank in Australia to do so. The report is publically available on our website.

The Westpac Climate Bond aligns to our *Climate Change Position Statement and 2020 Action Plan* and supports our targets to increase lending and facilitate climate change solutions (see *Value chain risk* for more information). Funds from our Climate Bonds have been allocated to wind energy facilities and low carbon commercial properties, all certified under the Climate Bonds Standard. Renewable energy projects financed to date have generated 2.6 million MWh of clean energy and reduced annual greenhouse gas emissions by 2.3 million tonnes. Green buildings financed partially by our bonds performed 8% better than the benchmark for energy efficiency across Australia.

Financing social outcomes

Westpac Institutional Bank in partnership with the Benevolent Society and other financiers raised \$10 million at the launch of a pilot social bond in 2013. Social Benefit Bonds represent an innovative way of tackling complex social problems and by paying upfront to invest in improving social outcomes, we are trying to offset the future cost to taxpayers. This year we continued to witness the successful outcomes of the Family Resilience Program, Australia's first social bond. The overall financial Performance Percentage for the Bond has increased to 24% this year, compared to the indicative 19% last year¹.

Applying the knowledge gained from the pilot, this year we partnered with Social Outcomes to support Churches of Christ in Queensland raise \$5 million via a social benefit bond. As Australia's 9th benefit bond, this will fund the Youth CONNECT program in Queensland over six and a half years to support 15 to 25 year olds who are exiting or have exited statutory care and are homeless or are at risk of homelessness.

Leveraging our supply chain and workforce

Supplier inclusion and diversity

Through our *Australian Supplier Inclusion and Diversity Policy* we have committed to increase opportunities in our supply chain for Indigenous owned businesses, social enterprises, B-corporations, businesses owned by women and disability enterprises.

We achieve this by engaging these businesses directly and collaborating with our large corporate suppliers to encourage them to incorporate diverse businesses into their offerings to Westpac. During the year, we held 14 events to promote these businesses to various stakeholders and industry bodies such as Supply Nation, Social Traders Connect and WeConnect.

By collaborating across our supply chain and driving better inclusion and diversity outcomes with industry bodies, we are creating better economic outcomes for underrepresented groups in the economy and gaining access to new markets, customers and talented employees in diverse communities.

1. These results are based on indicative calculations, and do not include full performance calculations for the final period of the Bond.



Supporting YMCA WA, one of our 200 Community Grant recipients. In partnership with City of Belmont, YMCA WA provides programs for young people.

IMAGE CREDIT: Flashpoint Labs

In the last three years, our supply chain spend directed towards Indigenous Australian suppliers totalled \$5.3 million, exceeding our target of \$3 million. In our 2018-20 Reconciliation Action Plan, we increased this target to \$10 million by 2020. To support this, we will work with Indigenous suppliers to strengthen their capabilities to work with large corporate buyers and partner with them to create further business development opportunities.

Employment opportunities

We continued our partnership with CareerSeekers to provide 12-week paid internships to five refugees or people seeking asylum to help them build experience and connections in the corporate workplace. In the last two years, we have provided eight internships, with 88% finding ongoing work following the internship.

Following the achievement in 2016 of exceeding employment parity with 4% of our employees identifying as Aboriginal or Torres Strait Islander Australians, this year we are proud to have exceeded our 2015-2017 Reconciliation Action Plan target of recruiting 500 Indigenous employees by 2017. Looking ahead we will continue this focus and look to improve retention rates through programs such as the ECHO Indigenous mentoring program, promoting parity across all business units and more senior management levels, expanding our dedicated Indigenous careers team, and our continued partnership with CareerTrackers through which we provide internships for at least 40 Indigenous university students each year.

Grants, scholarships and capability building

As Australia's first and oldest company, our history is intertwined with the social and economic growth of Australia. To mark our 200th anniversary this year, we introduced a series of special bicentenary initiatives to complement our existing community programs.

200 Westpac Scholars

Launched in 2014 as a gift of \$100 million to fund 100 scholarships a year, forever, Westpac Bicentennial Foundation announced its 200th Westpac Scholar in April. Including contributions from university partners, total committed support currently represents \$12.6 million across 243 Westpac Scholars. The fund is regarded as the single largest corporate education scholarship program in Australia.

We believe that by investing in these individuals we are investing in the leaders, innovators and pioneers who will shape a better future for all Australians.

Learn more about the [work of the Westpac Scholars helping to shape the nation's future](#).

200 Community Grants

For our bicentenary year, Westpac Foundation increased the number of community grants from 100 to 200. These \$10,000 grants are awarded to local community organisations helping to create a fairer, more inclusive Australia.

Providing \$2 million in grant funding as well as additional support from our employees such as mentoring and skilled volunteering, this is Westpac Foundation's largest funding round to date and will help almost 47,000 people in need from across Australia.

Now in its sixth year, the program helps to build vibrant and inclusive communities by assisting organisations that are working with some of the most marginalised individuals in our society. Areas supported include education opportunities for Indigenous Australians, victims of domestic violence, people experiencing mental health issues, safe refuge for those who are homeless and delivering employment pathways for youth at risk.

Since 2012, through Westpac Foundation \$5.5 million in funding has been provided to local communities to help address social disadvantage.

200 Businesses of Tomorrow

This year we announced our 200 Businesses of Tomorrow recipients, recognising businesses that are contributing to Australia's future as it transitions to a services and knowledge-based economy.

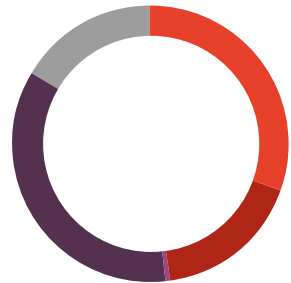
From the 200 businesses, we identified 20 high potential businesses who participated in a mentor-matching program with eminent Australian business leaders and received a tailored \$100,000 professional services package and global study tour to the USA and China.



David Lindberg, Chief Executive Business Bank and Lyn Cobley, Chief Executive Westpac Institutional Bank recognise the 20 high performing Businesses of Tomorrow.

\$1.5m
in funding awarded as part of our Social Scale-up program over three years, expected to create over **800 jobs** and **\$45m** in trading revenue

Westpac Family of Giving distribution by type (\$10.5m)



Community grants - locally focused ¹	\$3.2m
Community grants - organisations supporting children	\$1.8m
Retired employee hardship grants	\$0.06m
Scholarships	\$3.7m
Social enterprise grants	\$1.7m

Backing social enterprises

Through its Social Scale-up program introduced last year, Westpac Foundation will be awarding \$1.5 million in funding over three years to The Bread & Butter Project, Green Connect, STREAT, BAMA Services and Jigsaw Business Solutions to help improve their capacity to scale-up.

Together, these social enterprises are aiming to generate over \$45 million in trading revenue and create over 812 jobs for people with mental health issues, from refugee backgrounds, young people at risk, people with disabilities and Indigenous Australians by 2019.

Social leadership

In New Zealand, through our partnership with the Middlemore Foundation's Mana-ā-Riki project we collaborated with six schools to help improve children's health outcomes and access to digital devices. The pilot project in Papakura, South Auckland provided 998 classroom laptops, and conducted over 5,000 health assessments.

Capability building

Through the Westpac Davidson Institute, we offer financial literacy education to help people feel confident about their decisions for their current and future financial wellbeing. With content available on a range of money management topics for individuals, families, businesses, not-for-profit organisations and community groups, we offer both face-to-face and online content which is accessible anywhere, anytime. In 2017, we delivered financial literacy training to 112,263 people through face-to-face workshops and online sessions, with videos and other materials freely available on the Westpac Davidson Institute website. We also worked with The Salvation Army's You're the Boss workshop program, and delivered financial literacy training to more than 150 refugees across Sydney, Adelaide and Melbourne in partnership with I Am a Boat Person.

We are a proud co-founder of Jawun and this year we were the first Australian company to place its 800th Jawun secondee. Partnering with Indigenous communities to build prosperity is at the heart of our Reconciliation Action Plan and Jawun gives our employees an immersive 6-12 week skilled volunteering experience. It helps to build understanding of Indigenous cultures and ways of doing business, and is an important professional and personal development opportunity for our employees and leaders.

As an extension of the Jawun program, this year we have been part of a reverse secondee pilot, known as the Indigenous Corporate Leadership program, to provide Indigenous business leaders with a 6-12 month corporate placement. Through the program Andrea Mason, a Karonie and Ngaanyatjarra woman who is the CEO of the Ngaanyatjarra Pitjantjatjara Yankunytjatjara (NPY) Lands Women's Council, is undertaking a secondment in the Business Banking Team at Westpac and is part of a tailored executive leadership program.

We also actively encourage our employees to contribute their time and skills. During the year, together our employees volunteered more than 7,000 hours of their time through skilled volunteering to support charities and causes close to their heart.

Community giving

Through our Matching Gifts program, Westpac matches every dollar our employees donate to Australian-based registered charities, up to a maximum of \$10,000 per employee per calendar year. Matching Gifts is our largest community support program and was the first of its kind among Australian banks.

During 2017 Westpac Group and its employees donated \$2.8 million to close to 800 Australian-registered charities. Since the program started in 1998, collectively we have donated \$56 million to 2,000 charities including The Cancer Council, World Vision, MS Ltd and White Ribbon Foundation.

Our Matching Gifts program is a source of pride for our employees, and with over 50% participating in the program, it's an important way we help our people connect with the charities and community causes important to them.

In addition to matched giving, in 2017 we also provided a further \$6.7 million to community organisations through the Westpac Group Family of Giving. This includes 229 grants to organisations working to create a fairer Australia through Westpac Foundation, 52 grants to community groups delivering better outcomes for children through St. George Foundation, funding to nine community organisations based in South Australia and Northern Territory through BankSA Foundation, and 24 community grants to Victorian charities as part of Bank of Melbourne's Neighbourhood Fund.

\$56m
collectively donated by Westpac Group and our employees to charitable organisations through our Matching Gifts program since 1998

1. Restatements made to data from past years to reflect updated calculation methodology.



Setting a new cycle for social change

Luke Terry believes that social enterprises can solve our community's most complex social problems.

"When you help people back into work, it gives them a sense of being able to change their own path," says Luke, founder and Managing Director of Vanguard Laundry Services.

Opened by Prime Minister Malcolm Turnbull in January 2017, Vanguard Laundry Services is a state-of-the-art commercial laundry based in Toowoomba, Queensland, that employs people with a lived experience of mental illness who have struggled to secure employment.

It was made possible when Toowoomba's St Vincent's Hospital offered a nine year laundry contract as an anchor client in return for building the facility. The laundry now has over 80 customers and 41 employees with several others having already transitioned to mainstream employment.

In addition to being an employment launch pad, Vanguard operates with a unique social enterprise employment model, offering career and vocational advice, on-the-job assistance and career guidance, courses and training.

"Mental health issues affect more Queenslanders than cancer and diabetes combined," says Luke. "Traditional government-run employment programs have a success rate of 14% in helping people unemployed with mental illness get to 13 weeks of employment. Our Toowoomba social enterprise programs have a success rate of 75% for 26 weeks and beyond," said Luke.

Luke says Westpac has played a pivotal role in establishing Vanguard Laundry Services. In 2013, Westpac Foundation provided a \$10,000 Community Grant to develop the business model for the social enterprise laundry. Two years on, Westpac Foundation assisted in funding the establishment of the laundry with a \$100,000 social enterprise grant. The foundation has also provided a range of non-financial support

from Westpac employees in the areas of human resources, web development, event management and marketing. Recently, Westpac provided \$1.4 million in equipment finance to fund the laundry machines.

"Imagine you have a corporation of 40,000 people behind you - that's what it's like working with Westpac," says Luke. "Not only was their early support vital in attracting other supporters to the project, but its skilled volunteering program has allowed us to tap into the skills of Westpac employees - in particular our Westpac Community Ambassador, Cara Jones."

Cara, Regional General Manager, Southern Queensland, Westpac Consumer Bank, says it's been incredibly rewarding to work with Luke and the Vanguard team. "Our local Westpac team is very involved and are now running financial first steps workshops and interview training to support individuals as they look to transition into jobs beyond the laundry," she says. "We hope to be offering local work experience opportunities soon too."

Luke's vision and commitment have also been recognised with a 2017 Social Change Fellowship from Westpac Bicentennial Foundation. He is using his Fellowship grant to meet and learn from some of the world's leading social entrepreneurs, and also attended TEDGlobal 2017 in Africa.



Luke Terry, founder and Managing Director of Vanguard Laundry Services.
Inset: Luke with Cara Jones, Westpac Community Ambassador, at Vanguard Laundry.

Value chain risk

Making active, informed decisions through our value chain.

Why is this important?

In the *Positive societal impact* section we cover many of the ways we can influence positive economic and societal change. The size and scale of our business also means that we can play a leading role in managing risks through our broader value chain – the customers we finance, the companies we invest in, our supply chain and the supply chains of our customers.

In the financial services sector, we take a risk-driven approach to considering these impacts across a range of environmental, social and governance (ESG) factors, including climate change and human rights. Which is why, to reduce negative impacts, we make active choices in our procurement, investment and lending decisions.

Developments throughout the year

The past year saw a number of important international developments which are likely to influence the prospects for advancing human rights and progress on the impacts of climate change.

Momentum continued to build in the area of business and human rights, with the release of a database reviewing companies' reporting practices in line with the United Nations Guiding Principles on Business and Human Rights (UNGPR), and developments internationally on the issue of modern slavery.

Westpac released its [first statement](#) in response to the [UK Modern Slavery Act](#) requirements for large companies operating in the UK to report on the steps taken to prevent modern slavery.

In February, the Parliament of Australia established an inquiry into establishing a Modern Slavery Act in Australia¹. We submitted a response in support of this and were also invited to attend one of the inquiry's public hearings in June. In August, the Minister for Justice released a consultation paper on the Australian Government's proposed legislation for a Modern Slavery in Supply Chains Reporting Requirement.

Safety of apartment buildings was a source of major public concern over non-compliant cladding of the sort involved in London's Grenfell Tower fire. Westpac requires the projects we finance to be compliant with the relevant building codes, including fire safety regulations. However, given the concerns we commenced some additional processes for new and current large apartment developments we are financing.

The historic 'Paris Agreement' on climate change officially came into force in November 2016. The agreement represents a global commitment to limit the increase in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to achieve a 1.5°C target.

To meet Australia's commitment to the agreement, the Federal Government has set an economy-wide target of reducing emissions by between 26% to 28% against 2005 levels by 2030². It is also undertaking a Review of Australia's climate change policies to ensure they remain effective in achieving the 2030 target and commitments. Westpac made a [submission](#) in response to this review.

There continues to be increasing acknowledgement from investors that ESG factors such as climate-related impacts influence the risk profile of companies. It has also become an area of focus for financial services regulators.

In Australia, statements made by the Australian Prudential Regulation Authority and its board member Geoff Summerhayes, recognised climate change as likely to have material and financial implications, and highlighted recent legal opinion that Australian company directors could be individually responsible for failing to properly consider and disclose foreseeable climate-related risks³.

At the G20 Summit in July, Governor of the Bank of England and Chair of the Financial Stability Board (FSB), Mark Carney warned about the impacts that climate change may have on global financial markets. Carney was instrumental in establishing the FSB's industry-led Task Force on Climate-related Financial Disclosures (TCFD) in 2016. The taskforce issued a final series of recommendations in July to help organisations take account of climate-related issues and disclose their potential impacts.

Recognising that financing the transition to a low-carbon sustainable economic model will require the full engagement of the banking sector, the European Commission established a High-Level Expert Group on sustainable finance in September 2016 to provide a roadmap towards a sustainable financial system. Through our participation on the expert group, we issued a joint statement of support for FSB's TCFD.

Action on climate change has been a clear area of focus for a range of community stakeholders, customers and employees – and we continue to receive a number of enquiries on this subject. We also faced active campaigning during the first half of 2017.

Relevant United Nations Sustainable Development Goals



1. [Inquiry into establishing a Modern Slavery Act in Australia](#).
2. [Australia's 2030 climate change target](#).
3. [Australia's new horizon: Climate change challenges and prudential risk](#).

Our response

Our policies and governance

+

Enhancing our approach on key risks

+

Enhancing our approach by role

+

Disclosing our sustainability risks

How are we responding?

We continue to actively identify, manage and disclose value chain risks.

Our policies and governance

We apply our Sustainability Risk Management Framework to manage ESG risks across our operations, including in lending and investment and procurement decisions. This includes:

- For lending, applying our ESG Credit Risk Policy throughout credit processes, from origination and risk assessment to monitoring and management. Refer to [Westpac's Approach to Sustainable Finance](#).
- For investments, BT Financial Group integrates ESG factors into investment analysis and decision making and undertakes active ownership, engaging with companies to drive positive portfolio outcomes.
- For our procurement, applying our [Responsible Sourcing Code of Conduct](#) (previously the Sustainable Supply Chain Management Framework) to assess the social, ethical and environmental performance of contractors, suppliers and partners to incorporate commodity, sector, country and reputational risk and take the required preventative and corrective actions.
- Our [position statements](#), including statements refreshed this year.

During the year, our Sustainability and Reputation Risk Working Group was established to better share information across divisions on emerging sustainability and reputation risks to further support consistency in implementation of our policies.

Enhancing our approach on key risks

We want to be clear and transparent about our approach to managing sustainability risks and opportunities. This year we published a [Position Statement and 2020 Action Plan](#) for both Human Rights and Climate Change, and we made updates to other position statements, including [Financing Agribusiness](#) and [Providers of Payday Lending](#).

On human rights

This year we enhanced our approach on human rights through our second [Human Rights Position Statement and 2020 Action Plan](#). Important changes include listing all relevant policies that manage human rights, alignment to the UN Sustainable Development Goals and acknowledgement of the UN Declaration on the Rights of Indigenous Peoples.

This action plan outlines existing and new actions to strengthen our human rights framework and improve outcomes in each of our roles – as an employer, a customer, a financial services provider, a buyer and a supporter of communities.

For the first time, we have made versions of the position statement available in a number of foreign languages.

As a first step this year, we commenced reporting on our ongoing efforts to implement policies and practices to respect human rights by applying the UN Guiding Principles Reporting Framework. See the [Performance metrics](#) section for more information.

On climate change

2017 marks almost a decade since we released our first climate change action plan and over this time we have continued to integrate the consideration of climate-related risks and opportunities into our strategy and risk management processes.

Building on extensive stakeholder consultation and climate change scenario analysis (see [2016 Sustainability Performance Report](#)), we released our third [Climate Change Position Statement and 2020 Action Plan](#) in May 2017. Outlining the next phase of actions we are taking over the short term to 2020, medium term to 2030, and long-term to 2050, it demonstrates our commitment to operate in a manner consistent with limiting global warming to less than 2°C above pre-industrial levels.

This process helped inform our approach to transitional risks including the policy, legal, technology and financial impacts related to climate change, as well as the business implications of physical risks such as changes in climate patterns and extreme weather events. It has also underpinned our new ambitious financing targets for climate change solutions (see [Positive societal impact](#)) which are based on an economy-wide pathway to net zero emissions by 2050.

To address climate-related risks, we have enhanced our approach to lending to emissions-intensive sectors. We support customers that are in, or reliant on, these sectors and who assess the financial implications of climate change on their business, including how their strategies are likely to perform under various forward-looking scenarios and demonstrate a rigorous approach to governance, strategy setting, risk management and reporting.

1st
statement published in response to the UK Modern Slavery Act



“We are witnessing great momentum within the banking and finance sector in Australia, with more capital flowing towards more sustainable assets and enterprises. Australians are also increasingly expecting capital to play a central role in creating a more sustainable and fair Australia.

One in every two dollars invested in Australia is now committed to a more responsible investment approach, a sum that has quadrupled in the past three years.

There is also an important convergence that sees responsible finance being not only expected by and better for consumers, but also delivering impressive performance for banks, investors and super funds.

Responsible investors are actively engaging with companies to deliver stronger, more proactive management of sustainability issues. We welcome Westpac’s disclosures and reporting which is providing critical information for investors as well as demonstrating a strong commitment to building more responsible capital markets.”

Simon O’Connor
CEO, Responsible Investment
Association Australasia

We have also developed additional criteria for customers in the energy sector, including specific published requirements for electricity generation and thermal coal, and the agribusiness sector given their potential contribution to global greenhouse gas emissions. We will continue to expand the scope of this work to ensure we support customers across a wider range of climate-affected sectors and to respond to the wide range of community concerns on climate change.

Enhancing our approach by role

We seek to develop relationships with suppliers, businesses and community partners that responsibly manage sustainability risks and opportunities associated more broadly with their activities.

Lending and banking

We assess sustainability risks in our lending activities in accordance with our ESG Credit Risk Policy.

According to the materiality of our ESG risk exposures, our credit evaluation approach includes an assessment of customers’:

- Approach towards managing their sustainability risks and capability to implement relevant policies and procedures.
- Commitments to operate in accordance with relevant global, regional and national laws, regulations and international frameworks.
- Own due diligence of sustainability risks in value chains and monitoring of their own performance.

Where potential material risks are identified we may engage external experts. For project-related financing under the Equator Principles, customers are required to undertake an independent impact analysis and engage with local and other potentially impacted stakeholders. Funding is provided when we are confident that these risks have been effectively mitigated. See *Performance metrics* for our performance against the Equator Principles.



Image of two oil covered penguins used in Westpac’s advertising campaign in 2003 when it became a founding signatory to the Equator Principles.

Ist

Launched industry
Ist sustainability
scoring capability
to BT Panorama

Sustainable investing

Consistent with our long standing commitment as a signatory to the UN Principles for Responsible Investment, we have taken steps this year to exclude companies whose activities are involved in the growing and production of tobacco and the production of controversial weapons (including cluster munitions, chemical and biological weapons) from our MySuper portfolios.

We recognise that we have an opportunity to influence the companies in which we invest through active ownership. This includes engaging with companies to encourage good governance, transparency and sustainable business practices and we are committed to continuing these dialogues.

To assist our customers in implementing their own views on non-financial matters, this year BT Financial Group launched an industry first sustainability scoring capability to the BT Panorama tool for over 200 managed funds and ASX200 listed companies. Created in partnership with global research firms Morningstar and Sustainalytics, the scoring consists of a company's overall 'sustainability score' as well as individual scores across ESG categories and a controversies assessment ranking.

Supplier and buyer

We recognise that supplier risk management is a continuous process and to achieve best practice we work collaboratively with suppliers to drive positive performance.

This year we released our *Responsible Sourcing Code of Conduct* and refreshed our *Responsible Sourcing Supplier Assessment*. Our assessment comprises screens to identify inherent environmental, ethical, social or governance risks present in a sourcing category based on country of operation, provision of service, potential for direct brand impact and sector specific risks.

We also established our global Responsible Sourcing Steering Committee which oversees application of our Responsible Sourcing Code of Conduct and any risks that may be identified through our supplier assessments.

We continue to perform due diligence and undertake risk assessments to identify areas of potential breach or abuse of human rights and seek to avoid engagement of these suppliers as a result of our assessments. During the year, we completed 31 supplier assessments against the Responsible Sourcing Code of Conduct.

Disclosing our sustainability risks

We continue to look for ways to improve our own sustainability risk disclosures, ensuring we are leading best practice internationally. In the past year we have:

- Improved our disclosures on material sustainability topics and increased our disclosure on physical and transition risks related to climate change in our Annual Report.
- Provided feedback and support for the TCFD recommendations that call for disclosure of climate risks and the use of climate scenario modelling.
- Continued our commitment to participating in external surveys and benchmarks, including the Dow Jones Sustainability Index and CDP.

For the first time in this report, we have provided a Reporting Index for Climate Change and Human Rights to commence formal reporting in line with the TCFD recommendations and the UNGP Reporting Framework's principles and criteria respectively. These indices are available in the *Other info* section.

Climate Change Position Statement and 2020 Action Plan

Our principles

The core principles that guide and inform our approach are:

1

A transition to a net zero emissions economy is required.

2

Economic growth and emissions reductions are complementary goals.

3

Addressing climate change creates financial opportunities.

4

Climate-related risk is a financial risk.

5

Transparency and disclosure matters.

Our Action Plan

These focus areas will direct our actions. We will:

1

Provide finance to back climate change solutions.

Transition to a net zero emissions economy is reliant on the availability of cost effective low carbon solutions. In our role as a financial intermediary we act as a market facilitator and partner to existing and new customers, backing financially viable, affordable, low carbon solutions that will drive the transition to a net zero emissions economy whilst accelerating the reduction in emissions.

2

Support businesses that manage their climate-related risks.

Transition to a net zero emissions economy may pose policy, legal, technology and market risks to our customers. We believe that the most constructive role we can play is to work with customers in emissions-intensive sectors, and support them as they manage through the transition.

3

Help individual customers respond to climate change.

Westpac is committed to helping our personal banking and investment customers to understand the impact of climate change on their lives. We recognise that climate change affects our customers, their homes and investments. We can use our experience and expertise to assist our customers to prepare and respond to the risks and opportunities they may face.

4

Improve and disclose our climate change performance.

Relevant, accurate, comparable and timely information on where climate-related impacts exist across the economy will help enhance understanding of climate-related risk in investment decisions and promote broader financial system stability.

5

Advocate for policies that stimulate investment in climate change solutions.

We know that the policy response to climate change, both globally and domestically, will influence the speed of the transition, the industries that will be impacted and ultimately the economic outcome.

Key actions:

- \$10 billion target for lending to climate change solutions by 2020 and \$25 billion by 2030¹.
- Facilitate up to \$3 billion in climate change solutions by 2020, e.g. green bond issuance and arrangement.
- Financing for any new thermal coal projects limited to existing coal producing basins and where the calorific value of coal meets the energy content of at least 6,300kCal/kg Gross as Received - i.e. projects must rank in the top 15% globally.
- Commitment to actively reduce the emissions intensity of the power generation sector, targeting 0.30 tCO₂e/MWh by 2020².
- Continued commitment to a broad market-based price on carbon as the most efficient way to encourage emissions reductions at the lowest cost to the economy.
- Setting targets to reduce Westpac's direct footprint emissions³ by 9% by 2020, and 34% by 2030.

1. Our 2030 target will be updated in the next update of the strategy to reflect changes in technology, policy, climate science and investment assumptions and as our approach evolves.
2. Target is based on current policy and regulatory frameworks. Note the emissions intensity of the National Electricity Market for the year ending 30 June 2016 equates to 0.90 tCO₂e/MWh. The emissions intensity of Westpac's power generation portfolio as at 30 September 2016 was 0.38 tCO₂e/MWh.
3. In our workplaces, across our branch network and IT operations.

Human Rights Position Statement and 2020 Action Plan

Respecting and advancing human rights helps us to achieve our vision to help our customers, communities and people to prosper and grow and reflects the belief that all people are entitled to basic rights and freedoms no matter where they are from, their religion, gender, race or any other status.

Our principles

Our human rights principles support and align to our Principles for Doing Business.

- We respect human rights as set out in the International Bill of Human Rights¹.
- We abide by the human rights related laws of the countries where we operate and our own relevant policies.
- We believe that advancing human rights with the aim of leaving no one behind is fundamental to achieving sustainable development in line with the 2030 Agenda.
- We consider human rights impacts and opportunities within our value chain, including in relation to our employees, customers, suppliers and the broader communities where we operate.
- We focus our responses and activities on the rights within our value chain where we have a responsibility and where we can have the greatest influence.
- We work proactively to support vulnerable groups in our region, helping to reach those furthest behind first.
- We engage with stakeholders to enhance our approach and provide grievance mechanisms through which stakeholders can raise human rights concerns.
- We measure and communicate our human rights progress.

1. The International Bill of Human Rights consists of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights and its two Optional Protocols.
2. Group-wide unless otherwise stated. Refer to equivalent policies where they exist in one of our brands or global locations. Action Plans operate in Australia, unless otherwise stated.

Related policies, statements, frameworks and action plans²

We develop and implement a range of strategic, compliance and risk-based mechanisms to respect and advance human rights across our organisation and in relation to our business activities. The diagram summarises the related policies, statements, frameworks and action plans that align our human rights due diligence processes to the expectations of our stakeholders. Each of these is supported by various governance bodies including cross-functional Working Groups, Employee Action Groups, Steering and Advisory Committees.

Key actions:

- Deepen our understanding of the human rights impacts of our supply chain and train employees working with suppliers in high risk sectors and regions to better understand and therefore mitigate or manage the risks present.
- By 2020, require all customers that are growers, producers and processors of palm oil and soy to be fully certified under the Roundtable for Sustainable Palm Oil and the Roundtable on Responsible Soy respectively.
- Work with governments and industry stakeholders to influence meaningful and practical growth for social and affordable housing.
- Provide scholarships and grants to community leaders and individuals responding to critical social issues.
- Continue to expand and improve accessibility to financial education courses for Australian, Pacific and New Zealand communities.
- Continue to develop partnerships with governments, donors and multilateral agencies that tackle issues facing communities in our Pacific markets.

Workforce revolution strategic priority

Service leadership strategic priority

Group diversity policy

Supplier inclusion and diversity policy

Responsible sourcing code of conduct

Accessibility action plan

Financial inclusion action plan

Reconciliation action plan



AGL and Westpac - a 170 year partnership

Westpac's partnership with AGL began in 1847, not long after the introduction of Sydney's first street gaslight. That partnership has grown and developed over the years, most recently with the establishment of an investment fund focused on the Australian renewable energy space - the first of its kind in Australia.

For 170 years Westpac has been AGL's primary banker supporting them in delivering innovative energy solutions. It's a partnership that has stood the test of time evolving and developing as the technologies used by both companies along with the operating environment have changed.

The Powering Australian Renewables Fund, or PARF as it is known, is a landmark partnership between AGL, QIC and its clients the Future Fund and those invested in the QIC Global Infrastructure Fund to provide investment opportunities in a portfolio of renewable energy assets and Westpac has been a key financier on all the PARF deals.

The Fund currently intends to develop, own and manage approximately 1,000 megawatts of large scale renewable energy infrastructure assets. In New South Wales, the Fund has solar plants already in operation at Nyngan and Broken Hill and the Silverton Wind Farm is currently under construction. Its most recent addition is the 453 megawatts Coopers Gap Wind Farm development at Cooranga North in Queensland.

AGL Chief Financial Officer, Brett Redman said this Fund is important for encouraging investment and development of the renewable energy projects that will help Australia transition to a low-carbon economy.

"The support we have seen for PARF demonstrates the strong appetite among Australian investors for the development of large-scale renewable energy projects.

"We are very pleased to have the support of banks like Westpac who help us deliver

innovative financing solutions and who share our commitment to a low carbon economy," said Brett.

Westpac was the first Australian bank to recognise the importance of limiting global warming to two degrees and has had a long running commitment to helping Australia reach net zero carbon emissions. As a key financier on all the PARF deals, Westpac is proving itself as the go to bank for financing renewable energy projects.

As part of its due diligence, Westpac undertook an Equator Principles assessment on the Coopers Gap Wind Farm and Silverton Wind Farm projects. Both projects were rated as category B and defined as 'having potential limited social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures'.

Westpac Institutional Bank's Head of Infrastructure & Utilities, David Scrivener said Westpac has been proud to support AGL's transformation into one of Australia's leading energy companies.

"Over 170 years, we have worked with AGL to make things happen and create better futures for the people of Australia; it's amazing to see how far things have come. We look forward to seeing where our continuing partnership will lead," he said.

In August 1847, the Bank of New South Wales became the Australian Gas Light Company's treasurer and in June 2017, Westpac and AGL celebrated the renewal of their transactional banking relationship, continuing the longstanding partnership between two of Australia's oldest companies.



Nyngan Solar Farm is owned by the Powering Australian Renewables Fund (PARF). Image courtesy of PARF. Inset: AGL Chief Financial Officer, Brett Redman.



Wakatū - He taonga tuku iho - a business of the land and sea

For the families of Wakatū Incorporation, the land and sea is a fundamental part of who they are.

For 200 years, the ancestors of the company's shareholders lived in the area, enjoying the rich and diverse land in New Zealand's South Island.

Today, their descendants are sharing the wonders of this region through Wakatū Incorporation's diverse portfolio of assets, from vineyards and orchards to residential and commercial properties, marine farms and waterspace.

"Wakatū is what New Zealand business is all about - dedicated and highly skilled local people working together to create exceptional New Zealand produce and export it to the world, with the benefits flowing back to local community," said David Hope, Senior Manager Corporate and Institutional Business, Westpac New Zealand, which has had a 23-year relationship with the company.

Guided by Te Pae Tawhiti - a 500 year plan for success - which acknowledges that the wellness of the people is intrinsically linked to the wellbeing of the environment, Wakatū operates with the purpose that preserving the local area for future generations is everything.

Formed in 1977, with assets of \$11 million, it hasn't been without challenges. Today the business is going from strength to strength with a current value of over \$300 million.

Kerensa Johnston, Chief Executive Officer, Wakatū Incorporation, said: "During the past 25 years we have experienced significant growth in our property business as well as in horticulture and aquaculture. Kono, our food and beverage business has been key and we expect to see continued expansion over the next 20 years."

"Having Westpac's support and guidance during this time has been invaluable," she said.

Based in Nelson in the north-west of South Island, Wakatū is owned by 4,000 descendants of the original Māori land owners of the Nelson, Tasman and Golden Bay Regions.

Wakatū is acutely aware that the way in which they farm today will have long-term ramifications. The company knows that to continue to prosper, the environment must be well and healthy, full of vitality and the love for the land and respect for the sea must be ever present.

The Westpac Group's commitment to sustainability is something Wakatū values. Westpac New Zealand not only provides banking services for Wakatū but also assistance with export and hedging solutions and a range of funding facilities.

"The Westpac New Zealand team are trusted advisers. Having that high level of trust is particularly important for a Māori business like ours," said Kerensa.

David added: "We challenge each other's thinking and I believe that's why the relationship is so strong and has been so mutually successful."

Westpac has a long standing commitment to supporting the growth of the Māori economy. Through our Te Kākano (the seed) framework, we are embedding the principles for effectively working with Māori and Iwi, embracing and driving inclusion and diversity to deliver a leading customer experience where we all grow and prosper.



Kerensa Johnston, Chief Executive Officer, Wakatū Incorporation

About our sustainability strategy

Sustainability governance framework

External benchmarking

Stakeholder engagement

Material topics and management approach

Image

Western Chances

who provide scholarships to young people to suit their talent is one of our 200 Community Grant recipients. Image of talented dancer Emily Watson, a Western Chances scholarship recipient since 2015.

Our approach to operating sustainably is designed to anticipate, respond to and shape the most pressing emerging issues and opportunities that have the potential to materially impact customers, employees, suppliers, shareholders and communities. Explore how our governance framework helps us do this.

The fundamentals



About our sustainability strategy



OUR VISION

To be one of the world's great service companies, helping our customers, communities and people to prosper and grow

STRATEGIC PRIORITIES



PERFORMANCE DISCIPLINE

Managing our business in a balanced and disciplined way to be recognised as the region's best-performing bank



SERVICE LEADERSHIP

Through our service revolution, help customers achieve their goals



DIGITAL TRANSFORMATION

Continue to invest in digitisation and use technology to redesign and enhance the customer experience



TARGETED GROWTH

Direct investment towards the areas that offer the greatest growth including wealth and SME



WORKFORCE REVOLUTION

Employ and retain the best people with a culture that helps them succeed

SUSTAINABILITY PRIORITIES



EMBRACING SOCIETAL CHANGE

Help improve the way people work and live as society changes



ENVIRONMENTAL SOLUTIONS

Help find solutions to environmental challenges



BETTER FINANCIAL FUTURES

Help customers have a better relationship with money

In our first sustainability strategy in 2002, we made clear our position that every generation should live better than the last. As we mark our 200th year in business, our commitment to our customers, our communities and the nation remains as strong as ever.

In 2013 we set out a five-year strategy to embrace societal change, help tackle environmental challenges, and help build better financial futures – encouraging dialogue on matters of international and national importance where we can best contribute, focusing on positive impact, and seeking to include a wide range of stakeholders in our work.

During the life of the strategy, we continued to strengthen our performance by constantly reassessing the relevance of our objectives against the backdrop of emerging issues and a rapidly changing external environment. The results of our efforts are captured in the [Our Progress](#) section.

During the past year we continued our work to shape the next phase of our Sustainability Strategy. We undertook an extensive development process to benchmark our current performance. We also consulted with customers, employees and wider stakeholders through focus groups and surveys to define our next agenda for positive change. Our new 2018-2020 Sustainability strategy will be launched in November 2017.

Sustainability governance framework



Our governance forums

Progress against our Sustainability Strategy is reported to and discussed with the Executive Team and Westpac Board at least twice a year. Executive Team approval is required for all new public policies and positions in relation to sustainability. This includes Board oversight in line with our group-wide policies and frameworks. Accountabilities for sustainability flow from the Board to individual scorecards for key employees with accountability for our progress against strategy objectives. The most senior executive with direct accountability for sustainability is the Group Executive, Human Resources, Corporate Affairs & Sustainability. This Group Executive reports directly to the Group CEO.

Another key aspect of our governance framework is our Sustainability Council which comprises a cross-section of senior leaders that meets four times a year. Key responsibilities of the Council include:

- Championing sustainable business practices across the Group
- Reviewing current, emerging and material topics, as well as risks and opportunities to inform our approach
- Reviewing and endorsing our policy and governance frameworks
- Monitoring progress against our Sustainability Strategy targets and performance indicators
- Providing overall strategic direction and ensuring alignment across various Group programs.

Reporting to the Sustainability Council are a range of Committees and Working Groups including:

- Environmental Management Committee
- Westpac Indigenous Advisory Committee
- CleanTech Working Group
- Social & Affordable Housing Working Group
- Human Rights Working Group.

In addition to the Sustainability Council, the Westpac Stakeholder Advisory Council provides important external independent perspectives and guidance. It includes nine external stakeholders from a diverse range of backgrounds and expertise on a range of environmental, social, economic and governance areas, along with the Chair of the Sustainability Council and members of the Westpac Executive Team. Refer to Stakeholder engagement for their 2017 statement.

A similar governance structure exists in New Zealand where oversight of our activities is provided by the Sustainable Business Steering Committee, comprising the Executive Team and the Chief Economist. The Westpac New Zealand External Stakeholder Panel, made up of leaders in the business and community sectors, provides independent input. Its Chair is also a member of the Westpac Stakeholder Advisory Council to maintain alignment across Australia and New Zealand.

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Our frameworks, policies and positions

Our Principles for Doing Business set out the behaviours against which we expect to be held accountable in pursuit of our vision and our strategic priorities, and the framework through which we embed sustainable practices throughout our business in the areas of governance and ethics, customer practices, employee practices; care for the environment, community involvement, and supply chain management.

Across the Group our frameworks, policies and positions are aligned to our [Code of Conduct](#) and Group [operating principles and policies](#) covering areas including: conflicts of interest, whistleblowing, privacy, economic and trade sanctions, market disclosure and trading, diversity, and health and safety. This is also set out in our [corporate governance statement](#) which describes our corporate governance framework, policies and practices in line with the Corporate Governance Principles and Recommendations (Third Edition) published in 2014 by the ASX Corporate Governance Council.

Westpac is also one of Australia and New Zealand's largest taxpayers. We apply Board approved policies and procedures as part of our [Tax Risk Management Framework](#) to ensure we meet our responsibility to pay the right amount of tax in each country in which we operate.

Reflecting the Principles, our approach to sustainability across the Group is guided by a number of overarching frameworks, policies and positions.

Our Sustainability and Reputation Risk Management Frameworks set out how we manage sustainability and reputation risk across the Group - in our operations, our lending and investment decisions, and our supply chain - providing a clear guide on roles and responsibilities within the organisation, reflecting our 'three lines of defence' risk management approach.

Alongside these frameworks sits a range of policies which embed the principles of these frameworks into our day to day operations. These include our internal and external sensitive sector position statements, as well as our Group-wide issue-based positions. They form our overall management approach to the underlying issues and opportunities associated with material topics.



During the year we introduced a number of new or revised frameworks, policies, positions, and procedures as shown in this table.

Frameworks, policies, positions and procedures introduced or significantly updated during the year

Responsible Sourcing Code of Conduct	In March we launched our new Responsible Sourcing Code of Conduct replacing our pioneering Sustainable Supply Chain Management framework that had been in place since 2003. It enables us to prioritise sourcing categories and suppliers for engagement and focus on the specific risk issues on which to engage suppliers. This enables us to manage and mitigate risks within our supply chain through an improved understanding of ethical, social and environmental issues associated with specific sourcing categories and source countries, as well as shifting effort to material issues and impacts identified through our assessment and management process.
Climate Change Position Statement and Action Plan	In May we launched our refreshed Climate Change Position Statement and Action Plan – establishing a whole-of-business strategy for action on climate change. Underpinned by the scenario analysis performed in 2016, the action plan confirmed our commitment to net carbon zero, included new stringent criteria for lending to electricity generators and coal mines, set new targets for 2020 and 2030 for lending to climate solutions, expanded our support for retail customers, and committed to a science-based approach to reducing our direct footprint.
Human Rights Position Statement and Action Plan	In May we released our Human Rights Position Statement which outlines the key processes and mechanisms used to respect and advance human rights according to the varying roles we play as an employer, customer service provider, buyer, financier and investor, and supporter of the communities in which we operate. The statement recognises the importance of respecting and advancing human rights in the achievement of the UN Sustainable Development Goals. It also acknowledges the UN Declaration on the Rights of Indigenous Peoples and its principles in advancing the rights of Indigenous Peoples in the regions we operate.

External benchmarking

Our sustainability reporting is in accordance with the Global Reporting Initiative's G4 Guidelines at a comprehensive level and is assured against the AA1000 AccountAbility Principles Standard (2008).

The Board has endorsed the engagement of an independent external assurance provider, PwC, to assure that we have reported in line with these standards.

As part of our global commitments and partnerships, we participate in forums that contribute to the development of sustainability standards and practices more broadly. These include UNEP FI, the UN Global Compact, Banking Environment Initiative and Equator Principles.

Reflecting our public support for the Sustainable Development Goals, we are strengthening the alignment of our sustainability strategy and reporting to better track how we contribute to these critical global goals.

We continue to benchmark our activities using international indices and analytical sustainability and responsible investment tools including RobecoSAM, MSCI and Sustainalytics to assess our own performance.

In relation to climate change, we continue to report our progress through the CDP. We are also assessing our response to the proposed Task Force on Climate-related Financial Disclosures (TCFD) framework and included further information on our alignment with TCFD disclosures available in Other information: Climate Change Reporting Index.

In relation to human rights, we are working towards improving our reporting and in this report have commenced formal disclosure of our progress in line with the UN Guiding Principles on Business and Human Rights (UNGP) Reporting Framework's principles and criteria. Further information is available in Other information: Human Rights Reporting Index.

Results in key benchmarking indices include:

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



Dow Jones Sustainability Indices

Westpac retained its global banking sector leadership position in the 2017 Dow Jones Sustainability Index. Westpac has ranked as the most sustainable bank globally on this annual index ten times throughout the past 16 years.

CDP Climate Change

Westpac was recognised in the 2017 CDP (formerly Carbon Disclosure Project) as one of only ten Australian companies to achieve Leadership level for our response to climate change. This puts us among the top 22% of participating companies globally to achieve this level.

Stakeholder engagement

Our stakeholder engagement framework is designed to ensure we maintain a good understanding of the views and expectations that help to define our current and future strategies, including our approach to sustainability. Discussions and engagement with our customers, investors, employees, government, suppliers, NGOs, and communities provide essential inputs to our annual sustainability materiality assessment which guides our focus for reporting and informs our strategic approach.

Engagement is guided by the AA1000 Stakeholder Engagement Standard and our Stakeholder Engagement Framework sets out our approach to identifying and prioritising stakeholders, the mechanisms we use to ensure meaningful engagement as well as how we communicate our progress in relation to their concerns.



We participate in a range of multi-stakeholder forums including the Investor Group on Climate Change, Australian Business Roundtable for Disaster Resilience & Safer Communities, UN Global Compact, Equator Principles, Task Force on Climate-related Financial Disclosures (TCFD), UNEP FI Positive Impact Working Group, Banking Environment Initiative, Global Compact Network Australia Human Rights Leadership Group for Business, Australia Financial Inclusion Network and Indigenous Financial Services Network.

While we regularly engage with all stakeholder groups on the range of material topics (as covered in the Issues that matter section), a sample of some of the prevalent issues we engaged on during the year were:

- Conduct, with active participation in industry initiatives, such as the ABA Six Point Plan and active involvement in government consultations in relation to new legislation such as the Banking Executive Accountability Regime
- Fossil fuel lending, with discussions on our role in specific coal mining projects
- Gambling, with government and NGO dialogue on problem gambling and the use of credit cards
- Housing affordability, with active responses to regulatory changes and customer input on our new initiatives
- Modern slavery, with active involvement in the government inquiries and consultations on potential legislation regarding company disclosures on modern slavery in supply chains

We also consulted extensively in the areas of climate change and human rights as part of our process to refresh their respective position statements and action plans.

The following section details our material topics and management approach and includes a summary of the concerns and interest for various stakeholder groups.

Stakeholder Advisory Council Statement

Westpac values engaging with our stakeholders to seek constructive insights, to deepen our understanding of what is expected of us, and the extent to which we're addressing priorities and concerns.

In 2017 Westpac's Stakeholder Advisory Council met three times and provided insights and feedback around a range of important issues and opportunities.

Key discussion points at the Council's meetings included:

- The challenge of housing affordability. The Council highlighted that it is important to clarify the difference between housing affordability and affordable housing, and explored a range of models and solutions (including through partnerships), and the importance of Westpac's advocacy on this issue.
- How Westpac might best meet its commitment to support the 17 United Nation's Sustainable Development Goals, and discussed those goals where it can have the greatest impact. Council members encouraged Westpac to consider an additional priority goal of 'sustainable cities and communities', given Westpac's role in the housing market and in shaping communities, while maintaining a focus on the following goals of:
 - Gender equality;
 - Decent work and economic growth;
 - Industry, innovation and infrastructure;
 - Reduced inequalities;
 - Responsible consumption and production; and
 - Climate action.
- Dealing with the social impacts of gambling - specifically the use of credit cards by problem gamblers.
- Feedback on the drafting of the Group's 2018-2020 Sustainability Strategy, with Members reinforcing the importance of empathetic, customer-centric actions and a strengthened focus on financial inclusion.
- Constructive insights into our ongoing sustainability performance.

The Council is made up of eight members and one observer, and is Co-Chaired by Westpac CEO Brian Hartzler, and CEO The Ethics Centre Simon Longstaff.

Current external Stakeholder Advisory Council members:


- **Simon Longstaff**, Stakeholder Advisory Council Co-Chair, Executive Director, The Ethics Centre
- **Michael Anderson**, Chairman, Uniting Financial Services
- **David Borger**, Director, Sydney Business Chamber, Western Sydney
- **Nick Main**, Chair, Westpac NZ External Stakeholder Panel
- **James Moody**, Founding CEO, Sendle
- **Sam Mostyn**, Commissioner, Business and Sustainable Development Commission
- **Tim Nelson**, Chief Economist, AGL
- **Robynne Quiggin**, Professor, University of Technology, Sydney
- **Catherine Yeomans**, CEO, Mission Australia

Material topics and management approach






Feedback obtained via stakeholder engagement, together with an assessment of industry trends, internal reports and independent research feeds into our assessment of material topics (issues and opportunities) for our business. Grounded in both the Global Reporting Initiative's G4 guidance and the AA1000 AccountAbility Principles Standard (2008) this approach informs our strategy and guides our reporting.

Topics that are identified using Materiality guidance developed by AccountAbility (including their five-part materiality test) are assessed against an internally developed set of financial and non-financial categories using a consistently applied scoring approach. This provides a quantitative score that reflects the 'value at stake', which is then compared to an 'interest and concern' score for each type of stakeholder group that is amalgamated into one overall stakeholder rating. This scoring informs the plotting of material topics against the two dimensions of 'Importance to Westpac Group' and 'Importance to Stakeholder' (see diagram on page 14). Across our value chain, our assessment includes impacts across the three GRI-defined sustainability dimensions of economic, environmental and social.

The table below describes each of the material topics in more detail, including their relevance across stakeholder groups and salient human rights. It indicates the most relevant GRI boundary and aspects, and for the first time, relevance to SASB disclosure topics for the Financials sector. It also provides references to sections of this report where further detail on how we are responding to material issues can be found. Our Annual Report also contains further information on various aspects of these topics including in the Directors' Report, and the Risk and Risk Management and Sustainability Performance sections.

Material Topic	Definition	GRI Framework/SASB Standards	More information/How we are responding	Relevant stakeholders
Service leadership				
Customer experience, support and access	Customers' needs are becoming more complex, and at the same time they want banking to be simpler, more efficient and accessible	<p>GRI Boundary: Outside</p> <p>GRI Aspects: Social – Society – Local communities, Product Responsibility – Product portfolio, Marketing communications, Product and service labelling</p> <p>SASB Topics: Transparent information and fair advice for customers</p>	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Service leadership (p.16), Performance metrics in Customers (p.70) and Social and economic impact (p.83). 	
Financial capability and empowerment	We are focused on empowering customers in improving their financial wellbeing, which includes supporting them in financial literacy and confidence	<p>GRI Boundary: Within/Outside</p> <p>GRI Aspects: Social – Product responsibility – Product portfolio</p> <p>SASB Topics: Financial inclusion and capacity building</p>	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Service leadership (p.16) Performance metrics in Social and economic impact (p.83). 	

Material Topic	Definition	GRI Framework/SASB Standards	More information/How we are responding	Relevant stakeholders
Conduct and trust				
Changing regulatory landscape	Supervision and regulation in jurisdictions that the Group operate in continue to evolve, creating uncertainty in the operating environment	<p>GRI Boundary: Within/Outside</p> <p>GRI Aspect: Social – Product Responsibility – Compliance, Society – Compliance</p> <p>SASB Topics: Management of the legal and regulatory environment</p>	<ul style="list-style-type: none"> Chairman’s Report and CEO’s Letter in the Annual Review & Sustainability Report Conduct and trust (p.22). 	
Conduct and culture	Conduct and culture is vital for maintaining the trust of customers, shareholders and regulators	<p>GRI Boundary: Within</p> <p>GRI Aspects: Social – Society – Anti-competitive behaviour, Product Responsibility – Product portfolio</p> <p>SASB Topics: Transparent information and fair advice for customers – Responsible lending and debt prevention</p>	<ul style="list-style-type: none"> CEO’s Letter in the Annual Review & Sustainability Report Conduct and trust (p.22) Performance metrics in Employees (p.66). 	
Financial and economic performance	Maintaining a healthy financial performance and strong balance sheet is vital to the Group’s long term sustainability	<p>GRI Boundary: Within/Outside</p> <p>GRI Aspects: Economic – Economic performance</p>	<ul style="list-style-type: none"> Chairman’s Report and CEO’s letter in the Annual Review & Sustainability Report Service leadership (p.16) Positive societal impact (p.37), Performance metrics in Social and economic impact (p.83). 	
Governance, risk and remuneration	Clear governance practices, active management of risk, commitment to compliance, and fair remuneration in our operations, supplier and partner relationships is critical to the longevity and financial wellbeing of the Group.	<p>GRI Boundary: Within</p> <p>GRI Aspects: Social – Society – Anti-corruption, Public policy, Economic – Procurement practices</p> <p>SASB Topics: Management of the legal and regulatory environment – Systemic risk management</p>	<ul style="list-style-type: none"> Chairman’s Report and CEO’s Letter in the Annual Review & Sustainability Report Conduct and trust (p.22) Performance metrics in Employees (p.66). 	

Material Topic	Definition	GRI Framework/SASB Standards	More information/How we are responding	Relevant stakeholders
Digital innovation				
Digital product and service transformation	Digitisation offers opportunities to improve efficiency and deliver services in new ways, including new fintech business models which we are embracing to better meet changing customer expectations	GRI Boundary: Within/Outside GRI Aspects: Social – Society – Local communities, Product Responsibility – Product portfolio	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Digital innovation (p.26) Performance metrics in Customers (p.70). 	
Information security and data privacy	Maintaining customer confidentiality and the security of our systems is paramount given the threat of cyberattacks and the evolving nature of technology	GRI Boundary: Within/Outside GRI Aspects: Social – Product responsibility – Customer privacy SASB Topics: Customer privacy and data security	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Digital innovation (p.26). 	
Workforce of the future				
Inclusion and diversity	As the population ages and becomes more culturally diverse, Westpac Group needs to think creatively about how to find, develop and retain the right employees and tailor services that consider diverse customer needs	GRI Boundary: Within/Outside GRI Aspects: Social – Labour practices – Equal remuneration for women and men, Diversity and equal opportunity SASB Topics: Employee inclusion	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Embracing societal change (p.10) Workforce of the future (p.31) Performance metrics in Employees (p.66) Suppliers (p.82) and Reconciliation Action Plan (p.87). 	
Talent attraction and retention	Attracting, retaining and developing the right people requires innovative recruitment strategies and working conditions to match changing employee expectations	GRI Boundary: Within GRI Aspects: Social – Labour Practices – Employment, Training and education	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Workforce of the future (p.31) Performance metrics in Employees (p.66) and Reconciliation Action Plan (p.87). 	
Workforce wellbeing	Maintaining a secure workplace is critical to the safety of our people, and providing them with a range of flexible work options and workplace benefits that support their productivity	GRI Boundary: Within GRI Aspects: Social – Labour Practices – Employment, Occupational health and safety	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Embracing societal change (p.10) Workforce of the future (p.31). Performance metrics in Employees (p.66). 	

Material Topic	Definition	GRI Framework/SASB Standards	More information/How we are responding	Relevant stakeholders
Positive societal impact				
Climate change transition and opportunities	As a major financial institution, Westpac Group has an important role to play in supporting the transition to an economy that limits global warming to less than two degrees and ensuring clarity around our scientific and principles-based approach to assessing customers and projects	<p>GRI Boundary: Within/Outside</p> <p>GRI Aspects: Economic – Economic Performance Product Responsibility – Product portfolio, Audit, Active ownership</p> <p>SASB Topics: Integration of environmental, social and governance risk factors in credit analysis</p>	<ul style="list-style-type: none"> Environmental solutions (p.11) Value chain risk (p.44) Positive societal impact (p.37), Performance metrics in Sustainable lending and investment (p.73). 	
Positive impact finance	Tailoring and provision of financial products that directly address widely recognised societal or environmental issues, or to sectors that operate with an explicit mandate to address those issues	<p>GRI Boundary: Within/Outside</p> <p>GRI Aspects: Economic – Indirect economic impacts Social – Product responsibility – Product portfolio</p>	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Environmental solutions (p.11) Better financial futures (p.12) Positive societal impact (p.37), Performance metrics in Sustainable lending and investment (p.73). 	
Societal diversity and prosperity	As one of the oldest and largest banks in the region, Westpac Group plays an important role in creating positive social impact – both through core business activities and community investment to drive greater diversity and enhance prosperity across underserved segments of society	<p>GRI Boundary: Outside</p> <p>GRI Aspects: Economic – Indirect economic impacts Social – Society – Local communities, Product responsibility – Product portfolio</p>	<ul style="list-style-type: none"> Embracing societal change (p.10) Better financial futures (p.12) Positive societal impact (p.37), Performance metrics in Social and economic impact (p.83). 	
Supporting communities in need	As an integral service provider in the communities we operate, we actively support those in need including times of emergency and recovery as well as addressing systemic need, enabling our people to amplify their individual contributions	<p>GRI Boundary: Outside</p> <p>GRI Aspects: Social – Society – Local communities</p>	<ul style="list-style-type: none"> CEO's Letter in the Annual Review & Sustainability Report Service leadership (p.16) Performance metrics in Social and economic impact (p.83). 	

Material Topic	Definition	GRI Framework/SASB Standards	More information/How we are responding	Relevant stakeholders
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Value chain risk

Value chain sustainability risks

We actively manage a range of sustainability risks (including climate change and human rights) in our value chain through our lending to customers, our investments in funds, and through our supply chain

GRI Boundary: Within/Outside
GRI Aspects: Social – Society – Supplier assessment for impacts on society, Environmental – Supplier Environmental Assessment, Social – Labour practices – Employment, Supplier assessment for labour practices, Human rights – Supplier human rights assessment, Product responsibility – Product portfolio, Audit, Active ownership

SASB Topics: Integration of environmental, social and governance risk factors in credit analysis – Systemic risk management

- CEO’s Letter in the Annual Review & Sustainability Report
- Value chain risk (p.44)
- Performance metrics in Sustainable lending and investment (p.73)
- and Suppliers (p.82).



External landscape

Macroeconomic and demographic trends

Ongoing awareness of the local and global economic, demographic and societal trends allows us to monitor the economic outlook and tailor products and services to meet evolving market needs

GRI Boundary: Outside
GRI Aspects: Economic – Indirect economic impacts Social – Product responsibility – Product portfolio
SASB Topics: Management of the legal and regulatory environment – Systemic risk management

- Chairman’s Report and CEO’s Letter
- Workforce of the future (p.31)
- Embracing societal change (p.10)



Employees

Customers

Sustainable lending and investment

Environment

Suppliers

Social and economic impact

Image

Twenty Australian business leaders visit LinkedIn as part of a global study tour through Westpac's 200 Businesses of Tomorrow program.

We report our performance against key indicators that are strategically relevant to our business, and reflect the level of transparency expected by our stakeholders. Where available, historical comparisons are included to show trends in performance over time.

Totals may vary on occasion due to rounding.

Performance metrics



Employees

We measure and report progress on a number of indicators which reflect the key focus areas of our overall human resources strategy and the sustainability of our workforce. This includes progress we have made towards our inclusion and diversity goals, improving the health, safety and wellbeing of employees, how we attract and retain talent through building the knowledge and capability of our employees, how we establish expectations of employee conduct, issues reported through whistle-blowing channels, and a number of key remuneration ratios – all areas which deliver against the Group's service leadership and workforce revolution strategic priorities. Refer to the [Conduct and trust](#) section from page 22 and [Workforce of the future](#) section from page 31 for a strategic update on our progress.

Our five-year Sustainability Strategy also sets out the employee related targets to 2017. These targets, and our progress against them, are set out at the end of this section.

Employee profile

Employees by employment type, region and gender (headcount)

	2017			2016			2015		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Australia¹									
Full time	11,902	12,298	24,200	12,084	12,395	24,479	12,226	12,430	24,656
Part time	5,389	560	5,949	5,563	540	6,103	5,602	503	6,105
Temporary	1,310	1,658	2,968	1,336	1,675	3,011	1,236	1,535	2,771
Total Australia	18,601	14,516	33,117	18,983	14,610	33,593	19,064	14,468	33,532
New Zealand									
Full time	2,118	1,574	3,692	2,077	1,555	3,632	2,178	1,609	3,787
Part time	597	53	650	610	50	660	634	34	668
Temporary	276	176	452	359	252	611	370	248	618
Total New Zealand	2,991	1,803	4,794	3,046	1,857	4,903	3,182	1,891	5,073
Westpac Pacific									
Full time	586	455	1,041	578	445	1,023	590	406	996
Part time	17	11	28	14	4	18	57	45	102
Temporary	12	19	31	12	19	31	26	25	51
Total Westpac Pacific	615	485	1,100	604	468	1,072	673	476	1,149
Group total	22,207	16,804	39,011	22,633	16,935	39,568	22,919	16,835	39,754

1. Employee data is categorised by legal employer. 'Australia' includes employees located in Australia, UK, US and Asia.

Employees (FTE)

	2017	2016	2015	2014	2013
Permanent	32,044	32,190	32,620	33,586	33,045
Temporary	3,052	3,390	2,864	3,010	2,849
Group total	35,096	35,580¹	35,484¹	36,596¹	35,894¹

1. Past year FTE numbers restated as previously reported numbers did not include NZ contractors. [Media Release here.](#)

Engagement, new starters, attrition and retention

	2017	2016	2015	2014	2013
Employee Engagement Index (%) ¹	79	69	-	-	-
Employee voluntary attrition (number)	3,586	3,957	4,118	3,692	3,650
Employee voluntary attrition (% of total staff)	9.6	10.6	10.6	9.8	9.8
New starters (number)	4,118	4,474	4,214	-	-
New starters (% of total staff)	11	11	11	-	-
New starter retention (% of new starters)	84.7	85.5	85.3	88.0	86.7

1. New employee engagement survey conducted in 2016 and prior data not included due to change in survey methodology.

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New starters by gender and age^{1,2}

	2017		2016		2015		2014	
	Number	Rate (% total staff)	Number	Rate (% total staff)	Number	Rate (% total staff)	Number	Rate (% total staff)
Employee new starters by gender								
Female	2,154	52	2,324	52	2,087	50	2,352	51
Male	1,964	48	2,150	48	2,125	50	2,236	49
Employee new starters by age								
≤ 24	917	22	949	21	887	21	800	18
25-34	1,667	40	1,795	40	1,795	43	1,946	44
35-44	1,007	24	1,122	25	1,020	24	1,170	26
45-54	411	10	460	10	427	10	474	11
≥ 55	114	3	147	3	83	2	76	2
Employee new starters by region³								
Australia	3,452	84	3,869	86	-	-	-	-
New Zealand	556	14	463	10	-	-	-	-

- All data, except for 'employee new starters by region - New Zealand', relates to employees employed by Australian entities only, covering those located in Australia, UK, US, and Asia.
- Age and gender totals may not match overall reported numbers due to non-identified age and gender in some records.
- Region split first reported in 2016.

Voluntary attrition by gender and age (%)

	2017	2016	2015	2014	2013
Attrition by gender (%):					
Female	9	10	10	10	10
Male	10	11	12	10	10
Attrition by age (%):					
≤ 24	16	20	18	17	16
25-34	13	15	14	13	13
35-44	10	10	10	9	9
45-54	6	7	7	6	6
≥ 55	4	5	5	5	5
Attrition by region¹					
Australia ²	10	11	-	-	-
New Zealand	10	11	-	-	-

- Region split first reported in 2016.
- 'Australia' includes employees located in Australia, UK, US and Asia.

Inclusion and diversity

Women in leadership

	2017 %	2016 %	2015 %	2014 %	2013 %
Board ¹	22	22	22	44	30
Executive	41	36	26	28	26
Senior Manager	46	44	42	39	39
Manager	51	49	47	45	43
Group total	50	48	46	44	42

- Board not included in Group total.

Tenure and gender profile (%)

	2017			2016		
	Female	Male	Total	Female	Male	Total
<1 Yr	12	14	13	12	16	14
1 Yr	9	12	10	8	11	10
2-3 Yrs	13	17	15	13	16	15
4-5 Yrs	9	10	10	10	10	10
6-10 Yrs	23	22	22	23	23	23
11-15 Yrs	13	10	12	13	9	11
16-20 Yrs	8	6	7	8	6	7
21 Yrs +	12	9	11	12	9	11

Age and gender profiles (%)

	2017			2016 ¹		
	Female	Male	Total	Female	Male	Total
≤ 24	5	6	6	5	6	6
25-34	28	28	28	29	29	29
35-44	29	32	31	29	32	30
45-54	23	23	23	24	23	23
≥ 55	14	11	13	13	10	12

- Restatements made to data from past years to reflect updated calculation methodology.

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Age profile of workforce compared to national labour force (%)

	≤24	25-34	35-44	45-54	≥55
2017					
Westpac Group - Australia	5	28	32	23	12
Australian labour force	16	23	21	20	19
Westpac Group - New Zealand	7	26	25	26	16
New Zealand labour force	14	22	19	22	24
2016					
Westpac Group - Australia	5	29	31	23	12
Australian labour force	16	23	21	21	18
Westpac Group - New Zealand	7	26	26	26	16
New Zealand labour force	14	21	20	22	23

Percentage of basic salary - female to male¹

	2017	2016	2015	2014	2013
Administrator	106	109	109	111	111
Senior Administrator	99	99	99	99	99
Team lead/supervisor	100	100	99	99	99
Manager	99	99	99	99	99
Middle Manager	97	98	99	98	99
Senior Manager	97	96	95	94	94
Executive	84	78	87 ²	97	95

1. Calculated as (base salary - female salary as a % of male salary); ratios for the Group.
2. Change in Executive level in 2015 attributable to a male CEO replacing a female CEO.

Parental leave

	2017	2016	2015	2014	2013
Australia					
Employees accessing parental leave	2,662	2,722	2,862	3,059	2,829
Rate of return from parental leave (%)	95	95	95	-	-
New Zealand					
Employees accessing parental leave ¹	131	127	144	120	151
Rate of return from parental leave (%)	95	96	92	85	86

1. 2013 to 2015 restated to align with Australian calculation methodology.

Indigenous employment

	2017	2016
Percentage of workforce identifying as Indigenous Australian ¹	4	4

1. The Percentage of Indigenous Employees in Australia is the proportion of the Group's Australian employees who identify themselves as having Aboriginal, Indigenous and Torres Strait Islander cultural heritage in the Group's employee survey. Reported for the first time in 2016.

Health, safety and wellbeing

Injury frequency rates

	2017	2016	2015	2014	2013
Lost Time Injury Frequency Rate - Group ¹	0.6	0.8	0.8	1.1	1.5
Total Reportable Injury Frequency Rate - Group ²	7.2	8.6	-	-	-

1. No work-related fatalities were reported during this period.
2. Reported for the first time in 2016.

Employee Assistance Program utilisation

	2017	2016	2015	2014	2013
Employee Assistance Program utilisation (%)	7.59 ¹	6.39 ¹	5.24	5.16	4.97

1. Increase reflects expansion of services including nutrition and domestic and family violence support.

Absenteeism¹

	2017	2016	2015	2014	2013
Australia	3.22	3.49	3.37	3.29	3.14
New Zealand	2.43	2.27	2.22	2.24	2.09

1. Calculated as number of actual absenteeism days lost (due to incapacity of any kind) as a percentage of total days (FTE) scheduled to be worked by workforce.

Occupational health and safety training¹

	2017	2016	2015	2014	2013
Group (%)	95	96	96	-	-
Australia, UK and USA (%)	-	-	-	94	95
New Zealand (%)	-	-	-	93	92

1. Data changed to Group-wide reporting since moving to a consistent global training platform in 2015.

Training and capability

Average hours of training per employee

	2017	2016 ²	2015	2014	2013
Australia ¹	19.1	17.6	20.9	18.1	21.3
New Zealand	21.3	12.7	11.6	8.1	16.9
Group average	19.3	17.1	20.0	-	-

1. 'Australia' includes employees located in Australia, UK, US and Asia.
2. Restatements made to data from past years to reflect updated calculation methodology.

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Conduct and compliance

Doing The Right Thing training^{1,2}

	2017	2016	2015	2014	2013
Group (%)	97	96	97	-	-
Australia, UK and USA (%)	-	-	-	97	98
New Zealand (%)	-	-	-	93	92

- The course covers the following topics: Equal Employment Opportunity in Action, Core Compliance and Operational Risk, Giving Advice, Privacy, the Technology Code of Use, the Code of Banking Practice, AML/CTF and Sanctions, Information Security, Complaints Management & Resolution, Records Management and Managing Regulator Relationships.
- Data has changed from being geographically broken down to Group-wide reporting as we have moved to a consistent global training platform in 2015.

Whistle-blowing

Reportable Conduct categories	2017		2016	2015	2014	2013
	Total ³	Substantiated	In Progress	Total	Total	Total
Dishonest conduct	92	36	7	82	90	66
Fraudulent or other illegal activity ¹	13	4	-	4	3	-
Audit issues	6	1	1	-	-	-
Significant people or HR issues ²	142	38	9	104	81	69
Substantial health and safety risk	16	5	1	5	15	6
Corrupt Conduct	4	1	1	-	-	-
Other Significant Issues	71	18	5	14	18	16
Total number of new concerns	344	103	24	209	207	157

- Includes anti-money laundering issues and theft of Westpac property. Other fraud related concerns are reported under Dishonest Conduct (Breach of Westpac Policies and Codes).
- Includes items redirected to other channels.
- Excludes test concerns.

Remuneration

	2017 ¹
Australia	
Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	91:1
Ratio of percentage increase in annual total compensation for highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	2.51:1
New Zealand	
Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	40:1
Ratio of percentage increase in annual total compensation for highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	3.35:1

- Based on prior financial year compensation due to timing of Group remuneration review.

Additional metrics from 2017 Sustainability Strategy

Ensuring our workforce is representative of the community

	2017 Target	2017	2016	2015	2014	2013
Women in leadership (%)	50	50	48	46	44	42
Participation of mature age workers (%)	>20.5	22.2	21.5	20.8	20.9	20.5
Financial wellbeing of 40+ women - Australia ¹	On par	6.24 (total pop. 6.41)	6.47 (total pop. 6.57)	6.10 (total pop. 6.41)	-	6.38 (total pop. 6.45)
Indigenous Australians recruited ²	500	628	451	219	106	103

- Biennial survey - conducted out of cycle in 2016. Index score out of 11, for Australian 40+ female employees, compared with general Australian employee population. Score of benchmark population was 6.45 in 2013.
- 2015-17 cumulative target, introduced to align with 2015-17 Reconciliation Action Plan. Recruitment prior to 2015 not included in cumulative growth measure. 2015 and 2016 restated due to improved calculation methodology.

Extend length and quality of working lives

	2017 Target	2017	2016	2015	2014	2013
Employee mean retirement age (years)	61.6 ¹	62.3	60.5	61.6	61.6	60.6
Wellbeing average Work Ability Index (biennial index score out of 49) ²	44	41	42	40	-	41

- Revised target to reflect our emphasis on participation of employees across all age groups.
- Biennial survey - conducted out of cycle in 2016.

Customers

Through our service revolution, we have a strong focus on putting customer interests first and helping our customers to prosper and grow. We measure and report against a number of indicators to track our progress, including the strength and depth of our customer relationships, progress on our digital transformation strategy, how we are improving access to banking services, allowing our customers to bank from when and where they need, the number and types of complaints received – all areas which deliver against the Group's digital transformation and service leadership strategic priorities. Refer to the [Digital innovation](#) section from page 26 and [Service leadership](#) section from page 16 for a strategic update of our progress.

Our five-year Sustainability Strategy also sets out the customer related targets to 2017. These targets, and our progress against them, are set out at the end of this section.

Customer numbers

	2017	2016	2015	2014	2013
Total customers (millions)	13.8	13.4	13.1	12.8	12.2

Customer advocacy

	2017	2016	2015	2014	2013
Australia					
Net Promoter Score (NPS) – consumer	+1.9	-3.7	+1.1	+0.9	-2.4
Net Promoter Score (NPS) – business	-6.7	-8.7	-0.7	+1.2	-5.3
New Zealand					
Net Promoter Score (NPS) – consumer	+2	+0	+5	+2	+8

Digital transformation

	2017	2016 ¹	2015	2014	2013
Digitally active customers (%) – Group	39	37	38	36	37
Digitally active customers (millions) – Group ²	5.3	4.9	4.9	4.7	4.2
Mobile active customers (%) – Australia ²	25	21	-	-	-
Mobile active customers (millions) – Australia ²	3.4	2.8	-	-	-

1. Prior years' figures not comparable due to the restructure of Consumer Bank and Business Bank.
2. Reported for the first time in 2016.

Access to financial services

	2017	2016	2015	2014	2013
Australia					
Branches	1,046	1,085	1,201	1,292	1,282
Branches with 24/7 banking capability (%) ²	27	24	18	12	-
Westpac customer access to Bank@Post outlets ¹	3,585	3,585	3,586	-	-
ATMs	2,916	3,007	3,068	3,105	3,051
Smart ATMs (%)	44	41	34	27	18
Connect Now / Business Connect facilities ²	1,004	993	991	324	105
New Zealand					
Branches	169	189	189	193	208
Branches with 24/7 banking capability (%)	50	50	49	40	-
ATMs	611	620	639	628	613
ATMs with 'Smart' (deposit-taking) functionality (%)	29	26	24	21	19
Westpac Pacific					
Branches ²	36	36	39	49	54
ATMs ²	138	130	143	157	150
Group					
Branches ²	1,251	1,310	1,429	1,534	1,544

1. Westpac's agreement with Bank@Post was formalised in December 2014. In 2017 the measured time period shifted forward, meaning data for 2016 has been reported for 2017.
2. Restatements made in order to reflect updated calculation methodology.

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Customer complaints

	2017	2016	2015	2014	2013
Australia					
Complaints resolved within 5 days (%)	53	62	63	77	76
Change in customer complaints from prior year (%) ¹	(17.8)	(31.1)	(31.0)	(26.5)	(15.0)
Australian Banking complaints types (%) ²					
Commercial/business decision	8.0	7.8	6.6	5.2	3.9
Communication/information/advice	14.9	14.0	14.5	16.1	13.4
Process and procedure issues and errors	42.0	42.2	40.5	34.3	32.8
Product features	5.4	5.4	7.3	8.6	5.7
Fees, charges and interest rates	13.1	11.2	11.4	17.0	26.6
Staff or service quality issues	16.7	19.2	19.5	18.9	17.3
Other	0.0	0.1	0.2	0.1	0.2
New Zealand					
Change in customer complaints from prior year (%) ³	(21.2)	(6.8)	(18.2)	(15.7)	19.2
Complaints types (%) ³					
Bank error	11	11	12	14	16
Commercial/business decision	2	1	1	1	1
Fees, charges and interest	33	41	43	49	50
Financial advisor service	-	-	-	-	-
Process and procedure	13	13	15	13	13
Product features	5	4	4	3	3
Service	19	16	17	14	12
System and equipment	17	13	8	6	5

	2017	2016	2015	2014	2013
BTFG					
Complaints types (%) ⁴					
Product, commercial and business decisions	43	45	47	-	-
Information and advice	6	6	3	-	-
Fees, charges and interest rates	9	8	8	-	-
Errors, process and procedure	18	19	23	-	-
Staff or service quality	19	18	14	-	-
Other	4	5	5	-	-
General Insurance complaints					
Number of claims	53,942	53,392	49,618	47,593	47,444
Number of complaints ⁵	1,428	1,370	1,861	-	-
% of complaints ⁵	2.6	2.6	3.8	-	-
Life and risk insurance complaints					
Number of policies	547,277	549,082	534,117	465,415	426,313
Number of complaints ⁵	1,065	1,107	1,797	-	-
% of complaints ⁵	0.2	0.2	0.3	-	-

1. Australia only, includes BT Financial Group excludes RAMS.

2. Customer complaint breakdown by type for Australian Banking excludes RAMS.

3. Prior figures restated to align with Australian calculation methodology.

4. Complaint type categories adjusted in 2016 to align with Westpac complaint types.

5. Data prior to 2015 not comparable due to change in calculation methodology.

Customer compliments

	2017	2016	2015	2014	2013
Change in consumer compliments from prior year (%) - Australia ¹	19	38	-	-	-

1. First reported in 2016.

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Additional metrics from 2017 Sustainability Strategy

Anticipate future needs of ageing and culturally diverse customers

	2017 Target	2017	2016	2015	2014	2013
Initiatives introduced to support the financial wellbeing of ageing and culturally diverse customers (cumulative number)	5	9	7	5	4	1

Ensuring all our customers have access to the right advice to achieve a secure retirement¹

	2017 Target	2017	2016	2015	2014	2013
Average customer satisfaction rating as reflected through	4.90					
BT Adviser View	5.00	4.91	4.89	4.89	-	-

1. New measure introduced in 2016 to replace 'number of customer facing employees who hold externally recognised wealth accreditations in line with role requirements' with more holistic and meaningful measures relating to the provision of access of wealth advice for all our customers.

Helping our customers meet their financial goals in retirement

	2017 Target	2017	2016	2015	2014	2013
Westpac Group customers with Westpac Group Superannuation (%)	8.9 ¹	7.5	7.8	8.1	8.1	7.4

1. Revised target to reflect our refreshed branch distribution model for superannuation and response to recent regulatory changes.

Increasing access to financial services in the Pacific

	2017 Target	2017	2016	2015	2014	2013
Customers brought into the banking system (cumulative)	300,000	354,981	296,931	292,374	225,260	147,392
Transactional volume of in-stores (per year) ¹	400,000	332,081	220,356	391,843	379,971	-
Mobile banking activations (cumulative number)	173,000	176,956	108,602	58,660	11,875	-

1. Revised target to reflect recent sale of banking operations across Pacific business and shift towards banking using mobile technologies in the region.

Sustainable lending and investment

The tables below bring together information to provide a better understanding of our performance on sustainable lending and investment. This includes aspects of our lending profile, how we have applied the Equator Principles, the profile of our responsible investment funds under management and BTFG portfolio carbon intensities, and the value of our lending and deposits which back initiatives and projects that create positive societal outcomes – all areas which deliver against the Group’s Performance Discipline and Targeted Growth strategic priorities. Refer to the [Positive societal impact](#) section from page 37 and [Value chain risk](#) section from page 44 for a strategic update of our progress.

Our five-year Sustainability Strategy also sets out Sustainable lending and investment related targets to 2017. These targets, and our progress against them, are set out at the end of this section.

Lending

Group lending profile (\$m)¹

	Australia	New Zealand	Other	Total
Accommodation, cafes and restaurants	10,018	328	99	10,445
Agriculture, forestry and fishing	10,481	8,542	3	19,026
Construction	9,805	818	283	10,906
Finance and insurance	62,125	7,190	14,916	84,231
Government, administration and defence	49,816	4,555	1,024	55,395
Manufacturing	16,519	3,528	7,423	27,470
Mining	7,259	337	1,797	9,393
Property, property services and business services	58,436	6,904	451	65,791
Services ²	17,778	1,537	1,072	20,387
Trade ³	20,049	2,342	193	22,584
Transport and storage	25,645	3,274	4,780	33,699
Utilities ⁴	15,827	1,933	1,803	19,563
Retail lending	11,461	2,642	903	15,006
Other	535,636	53,541	1,242	590,419

1. Exposure at default (EAD).

2. Includes education, health and community services, cultural and recreational services, and personal and other services.

3. Includes wholesale trade and retail trade.

4. Includes electricity, gas and water, and communication services.

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Sustainable lending and investment

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Sector specific lending profiles¹

	2017	2016	2015	2014	2013
CleanTech and environmental services – Australia and New Zealand					
Total attributable financing (\$m)	6,979	6,193	6,054	7,978	6,438
Distribution by technology type (%):					
Energy efficiency	0.3	0.5	0.6	0.6	0.6
Green buildings	56.5	55.3	54.3	66.2	62.9
Green businesses	0.2	0.4	0.9	0.9	1.0
Renewable energy projects	31.9	34.2	34.6	24.7	26.3
Waste	3.1	3.1	3.7	3.5	3.6
Water	-	-	0.2	0.2	0.2
Forestry	4.4	5.3	5.4	3.5	3.5
Land remediation	-	-	0.1	0.1	1.7
Other	3.6	1.3	0.2	0.2	0.3
Electricity generation – Australia and New Zealand					
Total attributable financing (\$m)	3,225	3,099	3,330	3,197	3,097
Distribution by fuel type (%):					
Renewable ²	65.6	59.4	60.7	58.6	54.9
Other renewables	36.1	25.6	29.8	28.4	24.0
Hydro	29.5	33.8	30.9	30.2	30.9
Brown coal	1.9	3.1	2.9	4.0	4.5
Black coal	14.1	15.8	14.3	15.6	16.2
Gas	17.4	19.7	20.8	20.4	23.6
Liquid fuel	1.0	2.0	1.4	1.4	0.8
Westpac electricity generation portfolio emissions intensity (tCO ₂ e/MWh) ⁵	0.36	0.38	0.38	0.41	0.44
Benchmark emissions intensity (NEM t/CO ₂ -e/MWh) ³	0.86	0.90	0.91	0.87	0.87

	2017	2016	2015	2014	2013
Mining					
Total mining exposure (\$m)	9,692	11,319	14,423 ⁴	-	-
Distribution by customer primary commodity (%):					
Coal mining	6	8	9	-	-
Oil and gas extraction	39	44	47	-	-
Iron ore mining	14	12	5	-	-
Other metal ore mining	20	15	19	-	-
Mining services	13	12	15	-	-
Other	8	9	5	-	-

1. All data is based on total committed exposures (TCE).

2. Percentage of Renewable lending is the sum of exposure listed as Hydro and Other Renewables below.

3. Reported for Australia only.

4. Increase in Group exposure partly due to reclassification of certain conglomerate customers to mining in 2H15.

Positive impact finance¹

	2017
Positive impact lending (\$m)	8,828
Positive impact deposits (\$m)	13,542
Total positive impact finance (\$m)	22,370

1. Includes lending to CleanTech and microfinance, as well as lending, deposits and wealth products for Indigenous Australian banking customers and customers in the social sector.

Application of Equator Principles¹ Reporting on Performance

	2017	2016	2015	2014	2013
Loan value (\$m) ²	891.1	617.4	1,065.2	851.2	267.5
Transactions Closed					
Number of Category A transactions	-	-	-	-	-
Number of Category B transactions	7	3	7	5	4
Number of Category C transactions	-	1	1	-	-
Total transactions closed	7	4	8	5	4
Equator Principles - loan value by sector (%)					
Infrastructure	71	47	80	62	10
Power	23	9	6	-	90
Natural resources	6	45	14	38	-
Equator Principles - loan value by geography (%)					
Pacific	21	-	34	10	-
Australia	79	100	66	90	100
Equator Principles - loan value by category (%)					
Category A	-	-	-	-	-
Category B	100	76	91	100	100
Category C	-	24	9	-	-

1. From 2017 Westpac's commitments and performance under the Equator Principles will be reported in our Sustainability Performance Report.

2. Exchange rates assumed as at, or about, 30 September of each respective year.

Details of Project Finance Transactions in Accordance with EP III (FY17)¹

Sector	Project name	Independent Due Diligence
Infrastructure	Project Evolution	Yes
Infrastructure	Project Endurance	Yes
Infrastructure	Project NX2 LP	Yes
Power	PARF Silverton Wind Farm	Yes
Power	Ross River Solar	Yes
Power	PARF Coopers Gap Wind Farm	Yes
Natural resources	Mount Morgans Gold Project	Yes

1. Ordinarily Westpac does not disclose details regarding companies or projects. However, as per the requirement of Equator Principles III (EP III) reporting, and with approval from customers, we disclose details regarding specific transactions.

Assessing Impacts

The following has been highlighted amongst the main environmental impacts of projects approved by Westpac in 2017.

Key impacts assessed	Environmental
Infrastructure	Noise pollution, Air pollution, Ground and surface water management, Archaeological and Heritage, Impact on terrestrial flora and fauna
Power	Carbon Emissions and Containment, Noise Pollution, Contaminant management, Archaeological and Heritage, Impact on terrestrial flora and fauna
Natural resources	Noise pollution, Air pollution, Contaminant management, Ground and surface water management, Archaeological and Heritage, Impact on terrestrial flora and fauna

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BTFG portfolio carbon intensity

Product/Fund	Weighted Average Carbon Intensity ¹		% of Fund covered by analysis ²	Exposure to carbon-related assets ³	
	Footprint (CO ₂ e/\$m)	Benchmark		Fund exposure %	Benchmark exposure %
LSEP/AESA/BTSFL/WGP/BTBS					
MySuper Lifestage 1940s	242.9	239.6	20.6	3.7	3.6
MySuper Lifestage 1950s	235.8	237.9	28.5	4.9	5.0
MySuper Lifestage 1960s	227.2	233.8	52.5	8.7	9.4
MySuper Lifestage 1970s	224.1	232.8	74.5	12.1	13.7
MySuper Lifestage 1980s	224.1	232.8	74.5	12.1	13.7
MySuper Lifestage 1990s	224.1	232.8	74.5	12.1	13.7
MySuper Lifestage 2000s	224.1	232.8	74.5	12.1	13.7

1. Measurement of the Scope 1 and Scope 2 weighted average carbon emission intensity for the investment portfolios based on their exposure to Australian and International equities at 30 June 2017. The weighted average carbon intensity is measured as the portfolio's exposure to each company's carbon intensity. Each company's carbon intensity is expressed in tonnes of carbon dioxide equivalents (tCO₂e) per million Australian dollars of revenue. This metric is calculated consistently with the guidance for Asset Owners contained in the Annex to the "Recommendations of the Task Force on Climate-related Financial Disclosures" (TCFD).
2. This metric shows the portion of Australian and International equities on which the carbon intensity analysis has been calculated. Portfolio exposures not covered by the analysis may include, for example, cash holdings and derivatives as well as other asset classes such as fixed interest, listed property and emerging market securities.
3. Weight of Australian and International equities exposed to the most carbon-intensive sectors within each of the Funds. This metric is calculated consistently with the guidance for Asset Owners contained in the TCFD, however the sectors that constitute the carbon-related assets have been adjusted for characteristics of the Australian benchmark. The following sectors are the most carbon-intensive under the Global Industry Classification Standard:
 - Utilities (GICS code 55, excluding the water utilities industry and the renewable electricity sub-industry);
 - Energy (GICS code 10); and
 - Materials (GICS code 15).

Notes

- All carbon intensity data has been provided by TruCost Plc, a leading provider of environmental data.
- Data may change over time as holdings within the Fund change.
- A lower number against benchmarks means the Fund is less emissions intensive, or has less exposure to carbon intensive industries, as compared to its benchmark.
- BTFG does not actively manage these Funds to a carbon benchmark; the analysis is used to understand where risks may lie within the portfolio, and provide customers with information on the investments they hold.

Total BTFG responsible investment funds under management

	2017	2016	2015	2014	2013
SRI (screened) (\$m) ¹	2,649	2,384	1,499	1,693	1,376
ESG integration (\$m)	21,881	18,723	15,017	-	-

1. Number restated in 2015 to reflect BTFG funds. Prior to 2015 numbers represent BT Investment Management (BTIM) funds; from 2015 onwards BTIM is no longer a subsidiary of Westpac Group and is not represented in the data.

Additional metrics from 2017 Sustainability Strategy

Provide products and services to help customers adapt to environmental challenges

	2017 Target	2017	2016	2015	2014	2013
Unique service offerings launched (cumulative number)	5	9	6	4	4	2

Increase lending and investment in CleanTech and environmental services

	2017 Target	2017	2016	2015 ¹	2014	2013
Make up to \$6 billion available for lending and investment in CleanTech and environmental services (\$b)	Up to 6.0	7.0	6.2	6.1	8.0	6.4

1. From 2015, a higher threshold was used for green buildings, in line with property industry trends, accounting for the majority of the change from the previous year.

Help people gain access to social and affordable housing

	2017 Target	2017	2016	2015	2014	2013
Make up to \$2 billion available for lending and investment in social and affordable housing sector by 2017 (\$b)	Up to 2.0	1.32	1.05	1.02	0.82	0.65

Environment

We measure and report progress against how we manage our direct and indirect environmental footprint.

For our direct environmental performance, we measure and report against a number of indicators, as set out in the tables below. These include our greenhouse gas (GHG) emissions, energy use, paper consumption, waste and recycling, water use, and business travel – all areas which support and contribute to the Group’s performance discipline, digital transformation and workforce revolution strategic priorities. Additional metrics from our 2017 Sustainability Strategy related to our objective to reduce our environmental footprint are also provided at the end of this section. All data reflects a 1 July – 30 June reporting year, unless otherwise stated.

For our indirect environmental performance, for example our lending to the CleanTech and environmental services sector, see [Sustainable lending and investment](#) performance from page 73. Strategic updates related to our indirect environmental performance are included in the [Positive societal impact](#) section from page 37 and [Value chain risk](#) section from page 44.

GHG Emissions

Group GHG emissions summary¹

	2017	2016	2015	2014	2013
GHG emissions (tCO₂e)					
Total Scope 1 emissions	9,274	11,102	10,830	10,270	10,663
Total Scope 2 emissions	124,963	145,599	164,976	168,178	175,463
Total Scope 3 emissions	68,828	63,347	68,484	81,774	85,283
Total Scope 1 and 2 emissions (tCO₂e)	134,237	156,701	175,806	178,448	186,126
Total Scope 1, 2 and 3 emissions (tCO₂e)	203,065	220,048	244,290	260,222	271,409

1. Includes Westpac Group operations in Australia, New Zealand, the United Kingdom and the Pacific.

Group energy summary¹

	2017	2016	2015	2014	2013
Energy consumption (GJ)					
Energy consumption - Fuels	101,576	126,091	131,394	123,616	134,128
Energy consumption - Electricity	633,211	722,567	778,393	790,828	826,104
Total energy consumption (GJ)	734,787	848,658	909,787	914,444	960,232

1. Includes Westpac Group operations in Australia, New Zealand, the United Kingdom and the Pacific.

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Absolute GHG emissions

	Group			Australia			New Zealand			Pacific			UK		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Scope 1 emissions (tCO₂e)															
Stationary energy – Natural gas	1,057	1,033	1,184	595	633	784	254	331	261	4	1	75	204	67	64
Stationary energy – Diesel	387	226	302	275	42	207	-	-	-	112	184	96	-	-	-
Stationary energy – LPG	-	1	4	-	1	4	-	-	-	-	-	-	-	-	-
Transport – Fleet vehicles	5,503	7,070	7,158	3,754	4,952	4,792	1,486	1,703	1,807	263	414	560	-	-	-
Refrigerants	2,327	2,773	2,181	2,166	2,617	1,986	161	155	195	-	-	-	-	-	-
Total Scope 1 emissions (tCO₂e)	9,274	11,102	10,830	6,791	8,245	7,772	1,901	2,190	2,263	378	599	730	204	67	64
Scope 2 emissions (tCO₂e)															
Purchased electricity	124,963	145,599	164,976	121,224	141,576	160,240	1,807	2,328	3,162	1,847	1,379	1,122	85	317	453
Total Scope 1 and 2 emissions (tCO₂e)	134,237	156,701	175,806	128,015	149,821	168,012	3,708	4,518	5,425	2,225	1,978	1,852	289	384	517
Scope 3 emissions (tCO₂e)															
Base building emissions ¹	21,530	18,553	17,506	21,530	18,553	17,506	-	-	-	-	-	-	-	-	-
Transmission and distribution losses ²	18,922	20,416	24,053	18,709	20,152	23,783	213	263	270	-	-	-	-	-	-
Transport – Fleet vehicles	198	263	379	198	263	379	-	-	-	-	-	-	-	-	-
Business travel – Air	9,854	10,531	12,280	8,354	8,500	10,436	1,113	1,758	1,460	87	-	-	301	274	385
Business travel – Couriers ³	5,122	-	-	5,122	-	-	-	-	-	-	-	-	-	-	-
Business travel – Hire vehicles & personal vehicles ⁴	211	234	303	94	116	138	117	118	165	-	-	-	-	-	-
Business travel – Taxis	2,356	586	661	2,303	479	565	53	107	97	-	-	-	-	-	-
Business travel – Hotels ⁵	514	2,382	57	448	2,328	-	66	54	57	-	-	-	-	-	-
Paper consumption	7,805	7,695	11,252	7,247	7,190	10,471	533	447	580	23	44	199	2	14	2
Waste – Landfill	1,706	2,028	1,992	1,637	1,922	1,655	69	106	337	-	-	-	-	-	-
Water ⁶	611	660	-	611	660	-	-	-	-	-	-	-	-	-	-
Total Scope 3 emissions (tCO₂e)	68,828	63,347	68,484	66,252	60,163	64,933 ⁷	2,163	2,853	2,966	110	44	199	303	288	387
Total Scope 1, 2 and 3 emissions (tCO₂e)	203,065	220,048	244,290	194,267	209,984	232,945	5,870	7,371	8,391	2,336	2,022	2,051	592	672	904

1. Reported for Australia only.

2. From 2016 transmission and distribution losses includes losses associated with usage of natural gas, diesel and LPG in Australia.

3. New metric for 2017.

4. Emissions from personal vehicles are reported for New Zealand only. Hire vehicles are reported for both Australia and New Zealand.

5. Reported for New Zealand only.

6. New metric for 2016.

7. Restatements made to data from past years to reflect updated calculation methodology.

GHG emissions intensity

	Group			Australia			New Zealand		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Scope 1 and 2 emissions (tCO ₂ e)/employee (FTE)	3.9	4.4	4.9	4.4	4.8	5.7	0.8	1.1	1.2
Scope 1 and 2 emissions (tCO ₂ e)/m ²	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.1

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Energy

Energy consumption

	Group			Australia			New Zealand			Pacific			UK		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Energy consumption – Fuels (GJ)															
Stationary energy – Natural gas	16,287	18,452	21,562	11,553	12,291	15,265	4,710	6,148	4,840	20	12	1,456	4	1	1
Stationary energy – Diesel	5,517	3,229	4,352	3,922	591	2,972	-	-	-	1,595	2,637	1,380	-	-	-
Stationary energy – LPG	1	19	72	1	19	72	-	-	-	-	-	-	-	-	-
Transport – Fleet vehicles	79,772	104,391	105,409	54,971	73,063	71,580	21,083	24,177	25,641	3,718	7,150	8,187	-	-	-
Total energy consumption – Fuels (GJ)	101,576	126,091	131,394	70,446	85,965	89,888	25,793	30,325	30,481	5,333	9,799	11,023	4	1	1
Energy consumption – Electricity (GJ)															
Purchased electricity	633,211	722,567	778,393	534,488	616,138	673,243	78,938	83,807	85,907	18,914	19,853	16,137	871	2,767	3,106
Total energy consumption (GJ)	734,787	848,656	909,787	604,935	702,104	763,131	104,731	114,133	116,338	24,247	29,652	27,160	875	2,767	3,108

Energy intensity

	Group			Australia			New Zealand		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Energy (GJ)/employee (FTE)	21.1	23.1	25.6	20.7	22.6	25.9	23.5	27.5	25.6
Energy (GJ)/m ²	0.8	1.0	1.0	0.8	1.0	1.0	0.9	1.0	1.0

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Paper Consumption

Paper Consumption

	2017	2016	2015	2014	2013
Paper consumption (tonnes)					
Australia	2,213	2,890	4,319	4,741	5,101
New Zealand	493	414	537	593	661
Pacific ¹	18	59	71	54	55
UK	2	9	2	2	3
Total paper consumption	2,726	3,372	4,929	5,390	5,820
Percentage of carbon neutral paper (%)					
- Australia	20	30	28	15	18
Percentage including FSC accredited content (%) - Australia ²	95	85	81	82	65
Percentage including recycled content (%)					
- Australia	5	15	12	18	10

1. Pacific paper consumption for 2013 and 2014 restated to align with calculation methodology used in other regions.
2. All New Zealand office paper is FSC accredited. All UK office paper is recycled paper.

Office paper consumption

	2017	2016	2015	2014	2013
Office paper (tonnes)/employee (FTE)					
- Australia	0.08	0.09	0.15	0.16	0.17
Office paper (tonnes)/employee (FTE)					
- New Zealand	0.11	0.10	0.12	0.13	0.14

Waste and recycling

Recycling

	2017	2016	2015	2014	2013
Paper recycling (tonnes)					
Australia ¹	1,663	2,039	2,234	2,194	2,311
New Zealand	428	618	583	666	586
United Kingdom	9	9	9	9	10
Total paper recycling (tonnes)	2,100	2,666	2,827	2,869	2,907
General recycling (tonnes)					
Australia - Commercial	446	600	746	787	869
Australia - Retail	83	83	143	145	130
New Zealand	393	86	91	-	-
United Kingdom	2	2	2	2	2
Total general recycling (tonnes)	925	772	982	934	1,001
Specialty recycling (tonnes)					
Australia - Fluorescent tubes ²	9.2	3.6	2.9	4.3	3.0
Australia - E-waste	18	64.9	220.2	28.6	32.3
Total specialty recycling (tonnes)	27.5	68.5	223.1	32.9	35.3
Total recycling (tonnes)	3,052	3,506	4,032	3,836	3,943

1. Australian data restated from 2014 and 2013 to remove cardboard recycling. Cardboard recycling is reported under General Recycling.
2. Australia participates in the Fluorocycle Program.

Waste to landfill

	2017	2016	2015	2014	2013
Waste to landfill (tonnes)					
Australia - Commercial	1,032	1,147	1,114	1,090	1,587
Australia - Retail	332	332	391	505	982
New Zealand	128	151	183	222	253
Total waste to landfill	1,492	1,629	1,688	1,817	2,822

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Water

Water consumption

	2017	2016	2015	2014	2013
Water consumption (kL)					
Australia - Commercial	214,562	262,448	355,484	337,206	301,546
Australia - Retail	234,385	222,907	248,580	229,016	244,378
Total water consumption	448,947	485,354	604,064	566,222	545,924

Water intensity

	2017	2016	2015	2014	2013
Water consumption (kL/m²)					
Australia - Commercial	0.63	0.72	1.10	0.97	0.58
Australia - Retail	0.61	0.56	0.60	0.56	0.58

Business Travel

Land travel

	2017	2016	2015	2014	2013
Fleet - Total distance travelled (m km)					
Australia	18	23	23	22	34
New Zealand	-	-	9.0	-	-
Hire vehicles and personal vehicles - Total distance travelled (m km)¹					
Australia	0.5	0.6	0.7	0.4	0.9
New Zealand	0.5	0.6	0.7	0.5	1.1
Fleet - Emissions/vehicle (tCO₂e/vehicle)					
Australia	4.2	4.6	4.7	4.8	3.6
New Zealand	4.3	4.5	4.7	4.3	4.5
Fleet - Fuel consumption/vehicle (kL/vehicle)					
Australia	1.8	2.0	2.1	2.1	1.6
New Zealand	1.6	1.6	1.7	1.6	1.7

1. Emissions from personal vehicles are reported for New Zealand only. Hire vehicles are reported for both Australia and New Zealand.

Air travel

	2017	2016	2015	2014	2013
Distance travelled - Domestic					
Australia (m pkm) ¹	48.5	45.8	53.8	50.6	52.6
New Zealand (m pkm)	4.8	7.0	5.7	5.3	7.2
United Kingdom (m pkm)	0.2	0.2	0.3	0.4	0.4
Total distance travelled - Domestic	53.5	53.0	59.7	56.3	60.1
Distance travelled - International					
Australia (m pkm)	21.3	23.4	28.6	24.0	17.9
New Zealand (m pkm)	3.4	4.7	4.1	3.3	3.6
United Kingdom (m pkm)	1.3	1.5	2.2	1.8	1.2
Total distance travelled - International	26.0	29.6	34.9	29.1	22.7
Total distance travelled	79.4	82.6	94.6	85.4	82.8

1. From 2015, all Trans-Tasman air travel is reported under International. Prior to 2015, Trans-Tasman air travel was included as Domestic travel for Australia.

Additional metrics from 2017 Sustainability Strategy

Reducing our environmental footprint

	2017 Target	2017	2016	2015	2014	2013
Electricity efficiency in commercial and retail sites (kWh/m ²) ²	181	169	180	193	198	200
Electricity usage in commercial and retail sites (MWh) ¹	154,496	144,639	155,917	165,402	168,839	172,956
Scope 1 & 2 GHG emissions in commercial and retail sites (tCO ₂ e) ¹	121,884	104,369	115,484	127,608	131,393	137,374
Power Usage Effectiveness (PUE) - Australia	1.6	1.5	1.6	1.7	1.7	1.7
Maintain carbon neutrality	Maintain	Maintained	Maintained	Maintained	Maintained	Achieved
Office paper (tonnes) ³	1,340	944	1,257	1,299	1,415	1,523
Recycling rate in Sydney head offices (%)	75	75	73	61	59	55
Water consumption in Sydney head offices (kL)	137,064	104,866	140,708	171,559	171,330	-

1. Electricity efficiency, electricity usage and GHG targets include all Australian and New Zealand commercial and retail properties only. Excludes ATMs, stand-alone data centres and fleet.

2. Rebased in 2014/2015 to align boundary and methodology used in New Zealand to be consistent with Australia.

3. Restated from 1,500 to 1,340 (5% to 15% reduction) in 2014 given original target was exceeded.

Suppliers

Recognising that the actions of our suppliers are important to our sustainability performance, our Responsible Sourcing approach provides strong foundations for us to better understand and manage risks and opportunities in our supply chain. This is achieved through clear standards of ethical, social and environmental business practices for suppliers, outlined in our Responsible Sourcing Code of Conduct. Our Supplier Inclusion and Diversity Policy formalises our aspiration to increase the proportion of products and services we buy from businesses that are driven by a social or environmental mission, or that support people who have traditionally been financially excluded. To track the sustainability performance of our supply chain, we measure and report on a number of indicators, including the extent of our assessment of suppliers against our Responsible Sourcing Code of Conduct and the number of and spend with Indigenous suppliers. These metrics will continue to expand as we implement our new policies.

Our supplier programs support and contribute to the Group's Performance Discipline and Targeted Growth strategic priorities, and strategic updates are included in the [Positive societal impact](#) section from page 37 and [Value chain risk](#) section from page 44.

All information reported (with the exception of supply chain spend) reflects Australia data only. We have continued the process of extending the principles of the Responsible Sourcing Code of Conduct to other geographies.

Total supply chain spend¹

	2017	2016	2015	2014 ²
Australia (\$bn)	4.97	4.37	4.97	5.37
New Zealand (\$bn)	0.63	0.54	0.46	0.50
Westpac Pacific (\$bn) ¹	0.02	0.02	0.02	0.02
Total supply chain spend (\$bn)	5.62	4.92	5.45	5.89

1. Includes only spend captured through Group reporting systems. Excludes in-country spend.
2. Spend in 2014 restated to reflect a change in definition to exclude a number of expenditure items not directly involving suppliers, for instance staff reimbursements.

Indigenous Australian suppliers

	2017	2016	2015	2014	2013
Spend with Indigenous Australian suppliers - Tier 1 (\$ million)	2.5	1.6	1.2	-	-
Spend with Indigenous Australian suppliers - Tier 2 (\$ million)	0.30	0.13	0.04	-	-
Number of Indigenous Australian suppliers (cumulative) ¹	25	20	19	-	-

1. Prior periods updated due to new information on certified suppliers.

Suppliers by type¹

	2017	2016	2015	2014	2013
Percentage of supply chain spend					
Products, marketing and digitisation (%)	14	14	14	-	-
Operations and property (%)	13	12	11	-	-
Workforce enablement, services and wealth (%)	18	17	19	-	-
IT and telecommunications (%)	31	30	31	-	-

1. % of total suppliers.

Responsible Sourcing¹

	2017	2016	2015	2014	2013
Number of suppliers assessed against Responsible Sourcing Code of Conduct	31	-	-	-	-
Top Suppliers self-assessed (SSCM) - Australia (%) ²	73	100	100	100	98
Top Suppliers self-assessed (RSCoC) - Australia (%) ³	21	-	-	-	-

1. New metrics introduced as we implement the Group's Responsible Sourcing Code of Conduct.
2. Top suppliers by spend that have previously been assessed against Westpac's Sustainable Supply Chain Management (SSCM) Framework, which was replaced by the Responsible Sourcing Assessment framework in 2017.
3. Suppliers that have completed or are in the process of completing Westpac's Responsible Sourcing Assessment as at 30 September 2017.

Social and economic impact

We measure and report the economic value we generate as well as our overall community investment, including charitable giving through donations, grants, volunteering, scholarships, and the financial education we provide. Our performance against a number of indicators is set out in the tables below. We also continue to report social impact measures which demonstrate the value being generated for our customers and communities through our initiatives, beyond dollars or time. Our Reconciliation Action Plan Scorecard is also provided to summarise our progress towards our 2017 objectives and targets. For further detail, refer to [Positive societal impact](#) section from page 37.

Our five-year Sustainability Strategy also sets out the social impact related targets to 2017. These targets, and our progress against them, are set out in the [Better financial futures](#) section from page 12.

Economic impact

Value generation and distribution (\$m)¹

	2017	2016	2015	2014	2013
Direct economic value generated (\$m)					
Net interest income	15,516	15,148	14,267	13,542	12,821
Non-interest income	6,286	5,837	7,375	6,395	5,774
Net operating income	21,802	20,985	21,642	19,937	18,595
Supplier and non-salary input costs	(4,788)	(4,723)	(4,311)	(3,928)	(3,873)
Depreciation and impairment charges	(1,930)	(2,136)	(2,203)	(1,447)	(1,527)
Direct economic value generated	15,084	14,126	15,128	14,562	13,195
Direct economic value distributed (\$m)					
Shareholders (dividends and comprehensive income attributable to non-controlling interests)	6,298	6,143	5,808	5,901	5,633
Governments (income tax expense)	3,518	3,184	3,348	3,115	2,947
Employees (salaries and bonuses)	3,569	3,482	3,596	3,605	3,292
Community (community investments)	164	148	149	217	131
Direct economic value distributed	13,549	12,957	12,901	12,838	12,003
Economic value retained for future growth	1,535	1,169	2,227	1,724	1,192
Total economic value distributed and retained	15,084	14,126	15,128	14,562	13,195

1. This financial summary is prepared in accordance with AIFRS. Where accounting classifications have changed or where changes in accounting policy are adopted retrospectively, comparatives have been revised and may differ from results previously reported.

Employees Customers Sustainable lending and investment Environment Suppliers **Social and economic impact**

Community investment

Community investment summary

	2017	2016	2015 ⁴	2014	2013 ¹
Australia (\$)	155,062,769	137,586,780	139,911,253	211,185,891	126,343,246
Westpac New Zealand (\$) ²	8,081,918	9,825,925	8,010,153	5,591,175	4,344,157
International (\$) ³	668,392	491,307	876,208	256,387	544,118
Group Community Investment (\$)	163,813,080	147,904,012	148,797,614	217,033,452	131,231,521
Community investment as a % of operating profit before income tax (cash basis) (%)	1.41	1.32	1.33	1.99	1.28
Operating profit before income tax (cash basis) (\$m)	11,598	11,181	11,152	10,924	10,227
Community investment as a % of pre-tax profits (%)	1.42	1.39	1.30	2.02	1.33
Pre-tax profit – Westpac Group (\$m)	11,515	10,644	11,416	10,740	9,772

- 2013 operating profit before income tax and pre-tax profit figures restated due to adoption of new or revised accounting standards.
- The exchange rate for NZD in 2017 was 1.0664 based on the average rate at 30 September 2017 (2016: 1.0742, 2015: 1.0802, 2014: 1.1195, 2013: 1.2153).
- International includes offices in the United States, United Kingdom, Pacific and key Asian centres. FY15 was the first reporting year for International. The exchange rate for SGD is based on the average rate at 30 September 2017: 1.0624. Pacific data has been merged into International for FY16 onwards, and FY15 includes disaster response activities related to Cyclone Pam in Vanuatu.
- 2015 figure restated to reflect updates in calculation methodology.

Community investment by type (\$)

	2017	2016	2015	2014	2013
Monetary contributions					
Charitable gifts	7,049,652	2,958,256	4,545,270	102,407,012	1,806,019
Matched giving	2,835,438	3,418,365	2,684,623	2,688,221	2,311,112
Community partnerships (refer to breakdown below)	12,991,418	14,962,735	16,242,553	17,819,533	14,966,733
Total monetary contributions	22,876,508	21,339,355	23,472,446	122,914,766	19,083,863
Time contributions					
Volunteer time	3,290,817	2,779,366	3,330,252	2,706,460	2,105,730
Employee secondments	716,587	498,286	99,760	77,073	287,769
Indigenous community secondments/volunteering	1,573,931	1,719,331	1,231,000	894,000	817,688
Total time contributions¹	5,581,334	4,996,984	4,661,012	3,677,533	3,211,187
In-kind contributions					
Foregone fee revenue – not-for-profit organisations ²	8,090,223	8,203,396	8,307,830	2,277,984	2,295,354
Foregone fee revenue – other fee free accounts ²	104,620,075	90,021,519	92,373,664	84,843,576	104,504,963
In-kind gifts or donations	2,170,660	1,233,952	916,965	434,905	307,941
Indigenous in-kind	308,281	142,676	188,872	169,374	148,800
Total in-kind contributions¹	115,189,239	99,601,543	101,787,331	87,725,839	107,257,058
Management costs					
Management costs – General ³	2,836,262	3,902,710	4,577,380	2,188,868	1,776,557
Management costs – Indigenous ³	1,013,357	712,173	810,590	526,445	522,855
Total management costs¹	3,849,620	4,614,882	5,387,970	2,715,313	2,299,412
Total excluding commercial sponsorships¹	147,496,701	130,552,764	135,308,759	217,033,451	131,851,520
Commercial sponsorships	16,316,379	17,351,248	13,488,855	20,886,973	16,679,654
Group total¹	163,813,080	147,904,012	148,797,614	237,920,424	148,531,174

- Restatements made to data from past years to reflect updated calculation methodology.
- From 2015 figures calculated using an updated calculation methodology to better reflect customer numbers.
- In 2015 a new methodology was used in the calculation to include non-wage administration costs, such as communications, evaluation and research, related to community investment.

Financial education – number of participants

	2017	2016	2015	2014	2013
Australia	1,121	2,212	4,038	5,022	3,132
New Zealand ¹	91,792	29,377	34,320	21,034	8,870
Pacific Banking	19,350	28,007	27,180	23,756	20,575
Group total	112,263	59,596	65,538	49,812	32,577

1. Restatement made to 2015 data to reflect updated calculation methodology for Video Tips digital resources.

Financial education – number of hours¹

	2017	2016	2015	2014	2013
Australia	1,958	4,210	4,705	7,390	5,100
New Zealand ²	8,520	10,070	13,231	8,859	12,162
Group total³	10,478	14,280	17,936	16,249	17,262

1. Hours data not available for the Pacific.

2. Restatement made to 2015 data to reflect updated calculation methodology for Video Tips digital resources.

Our Foundations

Family of Giving distribution and grants

	2017	2016	2015	2014
Distribution (\$)				
Westpac Bicentennial Foundation ²	3,738,755	2,464,174	150,000	- ¹
Westpac Foundation	3,766,550	1,331,287	2,403,687	2,382,362
St.George Foundation	1,817,958	1,899,701	1,429,841	741,387
Bank of Melbourne Neighbourhood Fund ²	837,882	636,307	116,060	373,374
BankSA Fund ²	309,175	156,280	81,700	485,107
Total distribution	10,470,320	6,487,749	4,181,288	3,982,230
Number of grants/scholarships				
Westpac Bicentennial Foundation ²	193	112	22	- ¹
Westpac Foundation	229	123	131	104
St.George Foundation	52	53	54	43
Bank of Melbourne Neighbourhood Fund	24	22	52	25
BankSA Fund	9	7	42	25
Total number of grants/scholarships	507	317	301	197

1. Westpac Bicentennial Foundation was established in April 2014.

2. Restatements made to data from past years to reflect updated calculation methodology.

Family of Giving distribution by State (\$)

	2017	2016	2015	2014
National	565,977	290,633	389,483	782,072
NSW/ACT	3,983,154	2,443,963	1,862,553	1,257,229
VIC/TAS	3,057,144	1,879,598	532,820	620,374
QLD	1,509,538	998,439	605,775	533,158
SA/NT	646,037	337,990	201,860	560,107
WA	658,470	537,126	538,797	129,290
Pacific	50,000	-	50,000	100,000

Family of Giving distribution by type (\$)

	2017	2016	2015	2014
Community grants – locally focused	3,169,057	1,746,841	1,067,764	1,446,771
Community grants – organisations supporting children	1,795,958	1,899,701	1,429,841	741,387
Retired employee hardship grants	61,550	107,033	54,483	72,072
Scholarships	3,738,755	2,464,174 ¹	150,000	- ¹
Social enterprise grants	1,705,000	270,000	1,479,200	1,722,000

1. Westpac Bicentennial Foundation was established in April 2014.

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Social impact

Social impact framework measures¹

	2017	2016	2015
Helping out in times of need			
Customers provided with natural disaster relief packages	1,885	216	469
Individuals assisted in times of crisis by community organisations supported by Westpac Group	21,012	1,364	2,000
Customers who sought assistance from Westpac Assist specialists to manage through financial hardship ²	38,761	39,516	54,544
Customers experiencing financial hardship who accessed a financial assistance package	28,322	30,759	50,005
Enabling more inclusive banking and building financial capability			
Westpac Group products and services and supported community partner delivered products and services (e.g. microfinance) for individuals that are financially excluded or in underserved communities	8	7	7
Individuals completing Westpac Group financial literacy training	112,263	59,596	65,538
New customers accessing basic banking for the first time in the Pacific	58,050	64,615	67,114
Investing on economic wellbeing and greater prosperity			
Micro and social enterprises established or expanded that have received Westpac Group assistance e.g. micro-enterprise loans or social enterprise grants	357	313	250
Employment pathways supported at social enterprises by Westpac Foundation (cumulative) ³	3,210	2,912	1,932
Jobs supported at social enterprises by Westpac Foundation (cumulative)	1,003	839	389
Number of employees involved in skilled mentoring and volunteering	393	237	122
Hours given by employees to skilled mentoring and volunteering	7,079	5,019	21,708
Grants designed to improve economic wellbeing made by the Westpac Foundation ⁴	84	69	25
Advancing the nation through social change			
Scholarships awarded to individuals by the Westpac Bicentennial Foundation ⁵	243	120	22

1. In the metrics contained in this table: Individuals refers to members of the public who may or may not be Westpac Group customers, Customers refers to individuals who and businesses that are current customers of the Westpac Group, Employees refers to current employees of the Westpac Group and Communities refers to the broader communities within which Westpac Group operates. In the first two years these metrics are largely focused on Westpac Group's Australian businesses, however there is scope to expand the data set in coming years to cover the whole Group.

2. 2015 figure restated to reflect updated calculation methodology which is now based on the application lodgement date instead of the date at which discussions were held with the customer.

3. 2017 data includes: Cumulative total for 2015, 2016 and 1st 3 quarters for 2017. Q4 2017 will be reported as part of 2018 annual figures.

4. 2017 data includes: 54 Community Grants (Accessing Educational Opportunities or Creating Employment Pathways), 10 hardship, 6 pensioner and 14 social enterprise grants.

5. Represents the number of current participants in the Westpac scholars program.

Reconciliation Action Plan progress

Reconciliation Action Plan Scorecard

Objectives and Measures	Target by 2017	2017	2016	2015
Meaningful careers				
Indigenous Australians recruited	500	628 ¹	451	219
Indigenous Australian university student interns recruited through CareerTrackers Indigenous Internships Program (cumulative number)	120	97 ²	60	34
Retention reporting framework and career retention programs tailored to Indigenous Australian employees	Implementation of programs	Programs progressed	Program development progressed	Program design progressed
Financial inclusion				
Indigenous Australian organisations that undertake Westpac financial education training (cumulative number)	30	39	37	10
Visits to Indigenous Australian Communities by Westpac Indigenous Business Managers to engage and assess financial inclusion needs (cumulative)	30	97	64	25
Supply chain spend directed to Indigenous Australian businesses (cumulative \$m)	3	5.3	2.8	1.2
Indigenous Australian businesses utilised in Westpac's supply chain (cumulative number)	10	25	16	9
Indigenous Australian owned businesses established or expanded with support from Westpac's microfinance partner Many Rivers	Increase YOY	223	115	80
Westpac Group Employees participating in Many Rivers Microfinance Mentoring Program	Increase YOY	3	11	-
Investigate and implement new product and service offerings to better meet the needs of Indigenous Australians	Address opportunities	Progressing	Progressing	Progressing
Strong and thriving communities				
Time spent by Westpac Group employees on secondments ³ with Indigenous community organisations through Jawun	276 weeks each year	298 weeks during the year	340 weeks during the year	391 weeks during the year
Financial grants made to organisations supporting Indigenous Australians (number)	Increase YOY	25	21	24
Financial grants made to organisations supporting Indigenous Australians (\$)	Increase YOY	530,000	230,943	721,781
Recognition and advocacy				
Completions of Indigenous Cultural Awareness training modules by employees	Increase YOY	1,684	2,283	1,442
Branches with permanent signs which acknowledge Traditional Owners of land (number)	Full network	1,047	750	750
Community visits by Westpac Group senior leaders to organisations through Jawun (cumulative visits)	15	16	11	6
Improve outcomes in biennial RAP Employee Perception Barometer	Improve biennially	Survey not due until 2018	Increase in positive attitudes and perceptions	Survey in late 2016

1. 2015-17 cumulative target, introduced to align with 2015-17 Reconciliation Action Plan.

2. Westpac aims to recruit at least 400 Indigenous Australian university interns over the 10 years to 2025 through our partnership with CareerTrackers.

3. Included five 12-week and two 6-week secondments to support Empowered Communities program.

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Financial Inclusion Action Plan progress

Financial Inclusion Action Plan scorecard

Objectives, Actions, and Measures	2017
Crisis and Hardship	
Providing economic support in times of need	
Solutions for customers experiencing financial hardship (both commercial and consumer):	
Enhance Westpac Assist's service and tailor financial services for specific communities at risk of economic downturn	Progressing
Achieve a net promoter score (NPS) of 75 among those customers who seek support through Westpac Group's Assist and no more than six complaints logged per 10,000 customer interactions	Achieved Assist NPS: 79 Average complaints of 6 per 10,000 customer interactions
Domestic and family violence support:	
Investigate and implement service improvements to best support customers and employees with financial issues linked to domestic and family violence	Progressing
Deliver banker training around sensitivity, not only for victims of domestic and family violence, but to enhance our service leadership for a broad spectrum of customers	Progressing
Understanding money	
Building financial capability and resilience	
Investigate how to measure the impact and value of Davidson Institute's financial education and ways to amplify impact for people that need it most	Progressing
Increase the number of Australians and small businesses accessing Davidson Institute compared to 2016	Achieved Increased participants compared to 2016
Deliver financial education, via bank and relationship managers, to support Murdi Paaki Regional Assembly across NSW	Progressing
Enabling more inclusive banking	
Explore the financial wellbeing of women over 40 through a survey to understand how to support personal financial management among these customers	Progressing
Implement initiatives to help remote Indigenous Australian customers access banking facilities in all ways - in person, via telephone and online	Program design progressed
Enabling more inclusive banking and investing in economic well-being	
Understand the youth market and financial literacy:	
Develop a free online financial literacy program for young people that is relevant and engaging. Track use report and report on completions and performance	Achieved Made Mathspace freely available with 65,000 sign-ups
Inclusive growth	
Leveraging opportunities with suppliers for more inclusive growth and greater prosperity	
Increase supply chain spend directed to businesses owned by women, businesses owned by Indigenous Australians, social enterprises, and B-corporations	Achieved Spend increased compared to 2016
Enabling more inclusive banking and building financial capability	
Financial support for social enterprises as commercial customers and via Westpac Foundation:	
Increase lending to businesses owned by women, businesses owned by Indigenous Australians, and Social enterprises	Achieved Lending increased compared to 2016
Increase the number of Indigenous Australian social enterprises supported with finance and business skills	Achieved

Employees Customers Sustainable lending and investment Environment Suppliers **Social and economic impact**

Objectives, Actions, and Measures

2017

Enabling more inclusive banking and employee diversity

Strengthen the representation of women in leadership positions:

Achieve 50% leadership positions held by women by end FY17

Achieved in 2017

Create a workplace that provides meaningful and enduring careers for our Indigenous employees:

Recruit an additional 500 Indigenous Australians in the three years to end FY17

Achieved
628 recruited since 2015

Increase retention of Indigenous Australian employees

Progressing

Maintain parity between percentage of Indigenous Australians employed at Westpac and Indigenous Australians in the community

Achieved
Parity maintained

Driving inclusive growth and job creation

Business mentoring and financial support for social enterprises:

Award five Westpac Foundation grants of \$300,000 each

Achieved

Support at least 15 social enterprises via Westpac Foundation with business mentoring to enhance their employment outcomes

Achieved

Strengthen financial capabilities

Continue to back the expansion of Many Rivers microfinance program including employee secondments and mentoring opportunities with Many Rivers

Progressing

Driving inclusive growth

Financial support and business resources to back refugee small businesses:

Extend a line of credit for Thrive to fund refugee small business lending

Achieved

Facilitate the secondment of a Westpac Group employee to share skills with Thrive between 2017-2020

Progressing

Investing in economic wellbeing and greater prosperity

Deliver online toolkit of business resources, to complement existing financial resources, for social and small to medium enterprises to help them innovate and/or scale up

Program development progressed

Image

Michael Hall

University of Queensland
Bioinformatics student,
Michael Hall is one of our first
200 Westpac Scholars. He
is currently exploring ways
technology can detect antibiotic
resistance in infections.

Other information



Global Reporting Initiative Index

General Standard Disclosures

Indicator	Description	Location
Strategy and Analysis		
G4-1	Statement from most senior decision maker	A message from the Chairman and CEO (p.4) 2017 Annual Review and Sustainability Report: CEO's report (p.12)
G4-2	Description of key impacts, risks and opportunities	The issues that matter (p.13) The fundamentals (p.52)
Organisational Profile		
G4-3	Name of organisation	Westpac Banking Corporation
G4-4	Primary brands, products and services	Website: Company overview - Our businesses
G4-5	Location of headquarters	275 Kent St, Sydney NSW 2000, Australia
G4-6	Countries of operation	Website: Global locations
G4-7	Nature of ownership and legal form	Publicly listed company limited by shares under the Australian Corporations Act 2001 (Cth)
G4-8	Markets served	Website: Company overview - About us
G4-9	Scale of the organisation	2017 Annual Review and Sustainability Report: Westpac at a glance, 5 year summary
G4-10	Workforce overview	Performance metrics: Employees (p.66)
G4-11	Coverage of collective bargaining agreements	Approximately 99% of Westpac Group employees in Australia were covered by a collective agreement as at the end of September 2017. In New Zealand the coverage is approximately 43% of employees. In Fiji, our Collective Agreement became null and void on 8 November 2011 by virtue of the Fijian Government's essential National Industries Decree of July 2011. However, Westpac continued to apply the terms and conditions of employment set out in the collective agreement as they apply to individual employees. In early 2016, Westpac commenced negotiating a new collective agreement with the FBSE union following the repeal of the Fijian Government's essential National Industries Decree in September 2015. In Papua New Guinea, Westpac is currently considering a log of claims it received in September 2016 from the Papua New Guinea Banks and Financial Institutions Workers Union. Other international based employees are not covered due to specific local industrial relations arrangements.
G4-12	Supply chain	Website: Sustainable Sourcing Performance metrics: Suppliers (p.82)
G4-13	Changes during the reporting period	Website: Latest presentation and results
G4-14	Precautionary approach or principle	Westpac publicly recognises this principle through our signatory to the United Nations Global Compact and in the implementation of our risk frameworks.
G4-15	External sustainability initiatives subscribed to	Website: Our commitments and partnerships
G4-16	Associations and advocacy organisations	The fundamentals (p.52)

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Climate Change Reporting Index

Human Rights Reporting Index

Assurance report

Glossary and definitions

Indicator	Description	Location
Identified Material Aspects and Boundaries		
G4-17	List of entities in the financial statements	2017 Annual Report: Note 35. Investments in subsidiaries and associates This does not include philanthropic foundations that are not owned or operated by the Group.
G4-18	Process for defining report content and boundaries	The issues that matter (p.13) The fundamentals (p.52)
G4-19	Material aspects/issues	The issues that matter (p.13) Global Reporting Initiative Index (p.90)
G4-20	Aspect boundaries for material aspects/issues within Westpac	The fundamentals (p.52)
G4-21	Aspect boundaries for material aspects/issues outside Westpac	Material topics and management approach (p.60)
G4-22	Impacts of restatements	All restatements are noted within the relevant data sets.
G4-23	Significant changes in scope and aspect boundaries	No significant changes have been made from previous period.
Stakeholder Engagement		
G4-24	Stakeholder groups engaged	The fundamentals (p.52)
G4-25	Identification and selection of stakeholders	2017 Annual Review and Sustainability Report: CEO's report (p.12)
G4-26	Approach to stakeholder engagement	Website: Stakeholder Engagement Framework
G4-27	Key topics and concerns raised by stakeholders	
Report Profile		
G4-28	Reporting period	1 October 2016 – 30 September 2017 unless otherwise stated.
G4-29	Date of most recent report	2016 Sustainability Performance Report
G4-30	Reporting cycle	Annual
G4-31	Contact point for the report	sustainability@westpac.com.au Local toll-free: 1300 130 964 International +61 2 9767 0064
G4-32	GRI Content Index for 'In accordance – comprehensive' option	Global Reporting Initiative Index (p.90)
G4-33	External assurance	The fundamentals (p.52) Assurance report (p.105)
Governance		
Governance structure and composition		
G4-34	Governance and structure of the organisation	2017 Annual Report: Information on Westpac, Corporate Governance, and Director's Report
G4-35	Delegation process from Board to senior executives	Website: Corporate Governance Statement
G4-36	Executive level positions with responsibility for sustainability	The fundamentals (p.52)
G4-37	Process for consultation between stakeholders and the highest governance body	The fundamentals (p.52)
G4-38	Board breakdown	2017 Annual Report: Directors Report – Directors
G4-39	Chair of the Board also an executive officer	The Chair of the Westpac Board is an independent director and a non-executive member.
G4-40	Nomination process	Website: Corporate Governance Statement
G4-41	Board conflicts of interest	

Global Reporting Initiative Index

Climate Change Reporting Index

Human Rights Reporting Index

Assurance report

Glossary and definitions

Indicator	Description	Location
Highest governance body's role in setting purpose, values and strategy		
G4-42	Board and senior executive involvement in sustainability	The fundamentals (p.52)
Highest governance body's competencies and performance evaluation		
G4-43	Measures taken to develop Board understanding of sustainability	Regular Board reporting and discussion forums held every six months as outlined in: The fundamentals (p.52)
G4-44	Evaluation of Board governance performance	Independent reviews of Board performance are undertaken annually as outlined in: Website: Corporate Governance Statement Results of independent benchmarks are reported in: The fundamentals (p.52)
G4-45	Board role in ESG risk identification	The fundamentals (p.52)
Highest governance body's role in risk management		
G4-46	Board role in review of ESG risk policies	Website: Constitution and the Board - Board Charter Also refer to G4-48
G4-47	Frequency of review of ESG risks	Website: Corporate Governance Statement
Highest governance body's role in sustainability reporting		
G4-48	Highest position that reviews and approves the sustainability report	Sustainability information included in the Annual Report and the Full Year Financial Results is approved by the Board. This report is approved by the Group General Counsel & Chief Compliance Officer. The General Manager, Corporate Affairs and Sustainability and the Head of Investor Relations ensure that all material aspects are covered in our reporting.
Highest governance body's role in evaluating economic, environmental and social performance		
G4-49	Process for communicating critical concerns to the highest governance body	Website: Stakeholder Engagement Framework The fundamentals (p.52)
G4-50	Nature and total number of concerns reported to the highest governance body	2017 Annual Report: Risk Management Quarterly reporting to the Board Risk and Compliance Committee (BRCC) typically contains 2-3 critical ESG issues.
Remuneration and incentives		
G4-51	Board remuneration report	2017 Annual Report: Remuneration Report
G4-52	Process for determining Board remuneration	
G4-53	Process to seek stakeholder views on remuneration	The outcome of the annual vote on remuneration at the AGM is provided on our website. Last year it was passed (96% Yes vote). Website: 2016 Presentations and AGM
G4-54	Ratio of organisation's highest paid individual to the median	Performance metrics: Employees (p.66)
G4-55	Ratio of the percentage increase in G4-54	Performance metrics: Employees (p.66)

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Indicator	Description	Location
Ethics and Integrity		
G4-56	Description of the organisations values and principles	The fundamentals (p.52) Performance metrics: Employees (p.66), Suppliers (p.82) Website: Sustainable supply chain management - Responsible Sourcing Website: Corporate governance - Operating principles and policies Website: The way we work - Principles for doing business Website: Company Overview - Our strategy and vision
G4-57	Internal and external mechanism for seeking advice on ethical and lawful behaviour	Website: Operating principles and policies - Whistleblower Protection Policy
G4-58	Mechanisms for reporting concerns about lawful and unlawful behaviour	In addition to the channels above external concerns can be raised via our call centres or online at: Website: Feedback and complaints Website: Feedback and complaints - Resolve complaints (Complaint resolution policy) includes links to relevant external bodies through which concerns can be raised.

Disclosures on Management Approach (applicable to all aspects)

An overview of the process used to determine our material issues and aspects together with the underlying reasons they have been deemed material is set out in 'Material topics and management approach' on pages 60-64. Further detail, including our impacts and response is also available at the relevant pages referenced within this section.

Our overall approach to managing the underlying issues associated with these aspects is set out in 'The fundamentals' section of this report on pages 52-64. This includes an overview of the relevant governance and policy frameworks, details of internal reviews undertaken during the year, and the key issues that are raised by and are important to stakeholders. Our current performance, including targets, can be found within the detailed performance tables in this report, the GRI table, and discussions on the performance against our sustainability strategy.

Wherever possible, our approach is to reduce any negative impacts associated with our activities and seek opportunities to enhance the positive impacts.

Information on our current activities, including performance against targets, is referenced within 'Material topics and management approach' and are also detailed throughout this report as well as the 2017 Annual Review and Sustainability Report.

More specific information, including publicly available copies of the relevant policies, can be found online where indicated for each GRI aspect below.

Specific Standard Disclosures

Material Aspects	Description	Location
ECONOMIC		
Economic Performance		
<i>Aspect-specific management approach - 2017 Annual Report</i>		
G4-EC1	Direct economic value generated and distributed	Performance metrics: Social and economic Impact (p.83) 2017 Annual Review and Sustainability Report: Five-year summary (p.28)
G4-EC2	Financial implications of climate change	Our Progress: Environmental solutions (p.11), Value chain risk (p.44) Performance metrics: Sustainable lending and investment (p.73) Website: Performance Reports - 2017 CDP Submission Website: Climate change and environmental issues Climate Change Position Statement and 2020 Action Plan
G4-EC3	Coverage of organisation's defined benefit plan obligations	Our Australian and Pacific operations have regulatory requirements for employers to make contributions to defined contribution and savings plans, known as superannuation. Employees are free to choose their own superannuation fund. In New Zealand, Westpac employees are offered the option of a defined contribution scheme as outlined on: Website: Westpac New Zealand
G4-EC4	Financial assistance received from government	No significant financial assistance has been received from governments during 2017.
Indirect Economic Impacts		
<i>Aspect-specific management approach - Website: Our sustainability strategy</i>		
G4-EC7	Development and impact of infrastructure investments and service supported	Our Progress: Environmental solutions (p.11), Better financial futures (p.12) The issues that matter: Positive societal impact (p.37), Value chain risk (p.44)
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Performance metrics: Sustainable lending and investment (p.73), Social and economic impact (p.83) 2017 Annual Review and Sustainability Report: CEO's report (p.12)
Procurement Practices		
<i>Aspect-specific management approach - Website: Responsible sourcing</i>		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Performance metrics: Suppliers - Total supply chain spend (p.82)

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Material Aspects	Description	Location
ENVIRONMENTAL		
Supplier Environmental Assessment		
<i>Aspect-specific management approach - Website: Responsible sourcing</i>		
G4-EN32	Percentage of new suppliers that were screened using environmental data	Performance metrics: Suppliers (p.82)
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Performance metrics: Suppliers (p.82). There were no significant changes to supplier locations or relationships, and no terminations on ESG grounds during the year. In 2017 we released our Responsible Sourcing Code of Conduct, enhancing prioritisation of categories and suppliers, increasing focus on material risks, and incorporating all Group geographies.
SOCIAL - LABOUR PRACTICES AND DECENT WORK		
Employment		
<i>Aspect-specific management approach - Website: Careers - Westpac difference, Website: Westpac New Zealand - careers</i>		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Performance metrics: Employees (p.66)
G4-LA2	Benefits provided to full-time employees only	Employee benefits are available to all employees living in the country where the benefits are offered with the exception of temporary employees. Additional benefits are available to expatriate employees as part of a relocation package. The issues that matter: Workforce of the future (p.31)
G4-LA3	Return to work retention rates after parental leave, by gender	Performance metrics: Employees (p.66). A review will be undertaken in to report retention beyond one year and by gender.
Occupational Health and Safety		
<i>Aspect-specific management approach - Website: Health and Safety Policy, Website: Wellbeing Policy</i>		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Health and safety committees are not the primary method of workforce OHS representation at Westpac therefore we have not reported on the percentage of total workforce represented. We have a range of different mechanisms for communicating with our workforce on OHS, as appropriate for different parts of our business. For example, focus groups, employee surveys, communication with our champions network, and consultation with people leaders are undertaken in addition to committees. For further details of our approach see: Website: Operating principles and policies - Health and Safety Policy
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	No work-related fatalities were reported for employees of the global enterprise. Absenteeism and Lost Time Injury Frequency Rates are reported as an indicator of injury rates and are reported in Performance Metrics: Employees. Measurement and tracking by gender and region per capita show no significant variances.
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Our employees are most at risk of incidences related to musculoskeletal and mental disorders that are identified in Safe Work Australia's eight 'disease' categories (Safe Work Australia: Key Work Health and Safety Statistics Booklet Australia). The performance of the group in both fields has been positive in reducing disability or reduced frequency associated to both classes.
G4-LA8	Health and safety topics covered in formal agreements with trade unions	The Westpac Group Enterprise Agreement 2015 (the enterprise agreement for the Westpac Group operating in Australia) contains provisions relating to Health, Safety and Wellbeing. Website: Westpac Enterprise Agreement

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Material Aspects	Description	Location
Training and Education		
<i>Aspect-specific management approach – Website: Principles for doing business, Career development, Westpac New Zealand</i>		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Performance metrics: Employees – Training and capability (p.68) A review will be undertaken to report training by gender and employee category.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	The issues that matter: Workforce of the future (p.31) Performance metrics: Employees – Training and capability (p.68) Website: Westpac difference – Benefits The Westpac Group Enterprise Agreement provides outplacement support or reimbursement for vocational education or training for employees who are being retrenched.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	100% of permanent and maximum term employees have a formal performance review in the lead up to the remuneration review.
Diversity and Equal Opportunity		
<i>Aspect-specific management approach – Website: Group Diversity Policy, Website: Accessibility Action Plan, Website: Reconciliation Action Plan</i>		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category	Performance metrics: Employees (p.66)
Equal Remuneration for Women and Men		
<i>Aspect-specific management approach – Website: Group Diversity Policy, Website: Inclusion and diversity</i>		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Performance metrics: Employees – Percentage of basic salary – female to male (p.68)
Supplier Assessment for Labour Practices		
<i>Aspect-specific management approach – Website: Sustainable supply chain management</i>		
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	Performance metrics: Suppliers (p.82)
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Performance metrics: Suppliers (p.82). There were no significant changes to supplier locations or relationships, and no terminations on ESG grounds during the year. In 2017 we released our Responsible Sourcing Code of Conduct, enhancing prioritisation of categories and suppliers, increasing focus on material risks (including human rights impacts), and incorporating all Group geographies.

Material Aspects	Description	Location
SOCIAL – HUMAN RIGHTS		
Supplier Human Rights Assessment		
<i>Aspect-specific management approach – Website: Sustainable supply chain management, Website: Human Rights Position Statement</i>		
G4-HR10	Percentage of new suppliers that were screened using human rights practices criteria	Performance metrics: Suppliers (p.82)
G4-HR11	Significant actual and potential negative impacts on human rights in the supply chain and actions taken	Performance metrics: Suppliers (p.82). There were no significant changes to supplier locations or relationships, and no terminations on ESG grounds during the year. In 2017 we released our Responsible Sourcing Code of Conduct, enhancing prioritisation of categories and suppliers, increasing focus on material risks (including human rights impacts), and incorporating all Group geographies.
SOCIAL – SOCIETY		
Local Communities		
<i>Aspect-specific management approach – Website: Our sustainability strategy, Website: Contributing to our communities</i>		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	Service leadership (p.3) The fundamentals (p.52) Website: Social Impact Tool Website: Stakeholder Engagement Framework
G4-SO2	Operations with significant actual or potential negative impacts on local communities	Specific changes made during the year are discussed in Embracing societal change (p.10). In addition we recognise that we can have an indirect impact on communities through our lending, investment and supply chain (Value chain risk p.44).
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	Westpac provides a number of services to help those in low-populated or economically disadvantaged areas.
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	Our progress: Better financial futures (p.12) The issues that matter: Service leadership (p.16) Performance metrics: Customers (p.70), Social and economic impact (p.83)
Anti-corruption		
<i>Aspect-specific management approach – Website: Principles for doing business, Website: Conflicts of interest</i>		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	2017 Annual Report: Operational Risk and Compliance Risk
G4-SO4	Communication and training on anti-corruption policies and procedures	Performance metrics: Employees – Doing The Right Thing Training (p.69). A review will be undertaken to report metrics of governance bodies and business partners, as well as by employee category.
G4-SO5	Actions taken against confirmed incidents of corruption	2017 Annual Report: Risk and Risk Management Performance metrics: Employees – Whistle-blowing (p.69)
Compliance (Society)		
<i>Aspect-specific management approach – 2017 Annual Report: Risk and Risk Management</i>		
G4-SO8	Monetary value of significant fines for non-compliance with laws and regulations	There were no significant fines, non-monetary sanctions reported nor any cases brought through dispute resolution mechanisms. However, Westpac entered into an Enforceable Undertaking with ASIC in March 2017. The Enforceable Undertaking was the result of an industry wide investigation into conduct in the FX industry. ASIC’s investigation resulted in Enforceable Undertakings with all 4 major Banks and Macquarie Bank. Westpac contributed \$3 million to Financial Literacy Australia as part of the Enforceable Undertaking.

Material Aspects	Description	Location
Supplier Assessment for Impacts on Society		
<i>Aspect-specific management approach - Website: Sustainable supply chain management</i>		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Performance metrics: Suppliers (p.82)
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Performance metrics: Suppliers (p.82). There were no significant changes to supplier locations or relationships, and no terminations on ESG grounds during the year. In 2017 we released our Responsible Sourcing Code of Conduct, enhancing prioritisation of categories and suppliers, increasing focus on material risks (including impacts on society), and incorporating all Group geographies.
SOCIAL – PRODUCT RESPONSIBILITY		
Product and Service Labelling		
<i>Aspect-specific management approach - Website: Principles for doing business</i>		
G4-PR3	Type of products and service information required for product and service information and labelling and percentage subject to information requirements	Product labelling requirements refer primarily to disclosures on effective use and the quality of financial advice provided. These are governed by the Code of Banking Practice . Website: Disclosure Documents
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling by types of outcomes	0
G4-PR5	Results of surveys measuring customer satisfaction	Performance metrics: Customers (p.70)
Marketing Communications		
<i>Aspect-specific management approach - 2017 Annual Report: Operational Risk and Compliance Risk, Website: Principles for doing business</i>		
G4-PR6	Sale of banned or disputed products	In 2017 no products were sold that were banned in other markets.
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications by types of outcomes	0
Customer Privacy		
<i>Aspect-specific management approach - Website: Committed to protecting your privacy</i>		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	There were no substantiated complaints from regulatory bodies regarding breaches of customer privacy recorded in 2017.
Compliance (Product Responsibility)		
<i>Aspect-specific management approach - 2017 Annual Report: Risk and Risk Management</i>		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	There were no significant fines during the year.

Material Aspects	Description	Location
Product Portfolio		
<i>Aspect-specific management approach - 2017 Annual Report, Website: Products and services with social or environmental outcomes</i>		
G4-FS6	Percentage of the portfolio for business lines by specific region, size	Performance metrics: Sustainable lending and investment - Group lending profile (p.73) 2017 Annual Review and Sustainability Report: CEO's report - Divisional performance (p.12) Pillar 3 Report for 30 September 2017 - Summary credit risk disclosure
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line	Our Progress: Better financial futures (p.12) Performance metrics: Sustainable lending and investment (p.73) Positive Impact Finance definition (p.114)
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line	Performance metrics: Sustainable lending and investment (p.73)
Audit		
<i>Aspect-specific management approach - Website: Constitution and the Board, Website: Responsible sourcing, Website: Responsible Investment Transparency Report, Website: Equator Principles</i>		
Active Ownership		
<i>Aspect-specific management approach - Website: Responsible Investment Transparency Report</i>		
G4-FS10	Percentage and number of companies engaged on environmental or social issues	We monitor and track our engagements with companies in our asset portfolio as required. We disclose the outcomes of these engagements to clients and/or beneficiaries only. Our preference is undertaking non-public engagement with companies and will report on ESG activity relating to engagements of influence on an as needs basis.
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	Website: BTFG's PRI 2017 Responsible Investment Transparency Report

Climate Change Reporting Index

Westpac Group has long recognised that climate change is one of the most significant issues that will impact the long-term prosperity of our economy and way of life. The implementation of our [Climate Change 2020 Action Plan](#) is guided by the principles outlined in our [Climate Change Position Statement](#). As part of our work to expand the reporting of our climate commitments, we have commenced formal reporting in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

The table below provides an index using the criteria of the TCFD, and lists where relevant information can be found in this report and in other sources. In applying this framework, we will work towards improving the depth and quality of our responses, particularly as the recommendations of the TCFD continue to take shape.

Recommendations and Supporting Recommended Disclosures

Recommendation	Description	Location
1) Governance – Disclose the governance around climate related risks and opportunities.		
1a)	Board oversight	The fundamentals: Sustainability governance framework (p.54) 2017 CDP Submission: CC1.1a Westpac Group Corporate Governance Statement: Ethical and responsible decision-making
1b)	Management role	The fundamentals: Sustainability governance framework (p.54) 2017 CDP Submission: CC1.1, CC1.1a, CC1.2, CC1.2a, CC2.2, CC2.2a Westpac Group Corporate Governance Statement: Ethical and responsible decision-making
2) Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.		
2a)	Risk and opportunities	Value chain risk: On climate change (p.45) 2017 CDP Submission: CC2.1b, CC2.1c, CC5.1, CC6.1 Climate Change Position Statement: 2020 Action Plan (p.7-20) 2017 Annual Report: Risk and risk management 2016 Sustainability Performance Report: Climate Change Risk and Opportunity Analysis (p.50-53)
2b)	Impact of climate risk and opportunities on business	2017 CDP Submission: CC2.2, CC2.2a, CC3.3, CC5.1, CC6.1 Climate Change Position Statement (p.5-6) 2017 Annual Report: Risk and risk management 2016 Sustainability Performance Report: Climate Change Risk and Opportunity Analysis (p.50-53)
2c)	Resilience of organisation strategy under climate scenarios	2017 CDP Submission CC2.2a Climate Change Position Statement (p.2, 5) 2016 Sustainability Performance Report: Climate Change Risk and Opportunity Analysis (p.53)

Recommendation	Description	Location
3) Risk Management – Disclose how the organization identifies, assesses, and manages climate-related risks.		
3a)	Processes to identify and assess climate risks	The fundamentals: Sustainability governance framework (p.54) 2017 CDP Submission: CC2.1, CC2.1a, CC2.1b, CC2.1c, CC2.1c, CC5.1, CC6.1 Climate Change Position Statement (p.6) 2017 Annual Report: Risk and risk management
3b)	Processes to manage climate risks	The fundamentals: Sustainability governance framework (p.54) 2017 CDP Submission: CC2.1c, CC5.1c Climate Change Position Statement (p.6) 2017 Annual Report: Risk and risk management
3c)	Integration climate risk into overall risk management	The fundamentals: Sustainability governance framework (p.54) 2017 CDP Submission: CC2.1 Climate Change Position Statement (p.6) 2017 Annual Report: Risk and risk management
4) Metric and Targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.		
4a)	Metrics used to assess climate risks and opportunities	Our progress: Environmental Solutions (p. 11) Performance Metrics: Sustainable lending and investment (p.73) 2017 CDP Submission: CC2.1c, CC2.3, CC12 Climate Change Position Statement: 2020 Action Plan (p.7-20)
4b)	Scope 1, 2 & 3 emissions and related risks	Performance Metrics: Environment (p.77) 2017 CDP Submission: CC7, CC7.2, CC8, CC9, CC10, CC12, CC14
4c)	Description of targets and performance against targets	Our progress: Environmental Solutions (p. 11) Performance Metrics: Sustainable lending and investment (p.73) 2017 CDP Submission: CC3.1, CC3.2, CC3.3 Climate Change Position Statement: 2020 Action Plan (p.7-20)

Human Rights Reporting Index

At the Westpac Group we respect and advance human rights, and our implementation is guided by the internationally accepted UN Guiding Principles on Business and Human Rights (UNGP). As part of our work to expand the reporting of our social impacts, we have commenced formal reporting of our human rights progress in line with the UNGP Reporting Framework's principles and criteria.

The table below provides an index using the criteria of the UNGP Reporting Framework, and lists where relevant information can be found in this report and in other sources. In applying its principles, we will work towards improving the depth and quality of our responses to all criteria over time.

UN Guiding Principles Reporting Framework Index

Question	Description	Location
Governance of respect for human rights		
A1	Public commitment to human rights	Human Rights Position Statement: Our commitments (p.3) Website: Human rights Website: The way we work - Principles for doing business
A2	Embedding human rights commitment	The fundamentals: Sustainability governance framework (p.54) Human Rights Position Statement: Our principles (p.5) Human Rights Position Statement: Related policies and position statements (p.23) Westpac Group Corporate Governance Statement: Ethical and responsible decision-making Website: The way we work - Principles for doing business
Defining focus of reporting		
B1	Statement of salient issues	The issues that matter (p.14-15) The fundamentals: Material topics and management approach (p.60) Human Rights Position Statement: Our focus (p.6)
B2	Determining salient issues	The fundamentals: Stakeholder engagement (p.58) The fundamentals: Material topics and management approach (p.60) Human Rights Position Statement: Our focus (p.6)
B3	Geographic focus	Not applicable
B4	Severe impacts	Not applicable

Question	Description	Location
Risk Management		
C1	Specific policies to address salient issues	Human Rights Position Statement: Our approach (p.7-16) Human Rights Position Statement: Related policies and position statements (p.23)
C2	Approach to stakeholder engagement on salient issues	The fundamentals: Stakeholder engagement (p.58) Human Rights Position Statement: Engaging with stakeholders (p.18) Human Rights Position Statement: Effective grievance mechanisms (p.19) Website: Stakeholder Engagement Framework
C3	Approach to identifying changes in salient issues over time	The fundamentals: Sustainability governance framework (p.54) Human Rights Position Statement: Our focus (p.6) Human Rights Position Statement: Our approach (p.7-8) Human Rights Position Statement: Engaging with stakeholders (p.18) Website: The way we work - Sustainability Risk Management Framework
C4	Integration of findings relating to salient issues into decision-making	The fundamentals: Sustainability governance framework (p.54) The issues that matter (p.13-51) Human Rights Position Statement: Our approach (p.7-16) Human Rights Position Statement: Governance of our human rights framework (p.18-20) Human Rights Position Statement: 2020 Action Plan (p.25-29) Website: The way we work - Sustainability Risk Management Framework
C5	Tracking performance and actions on salient issues	The fundamentals: Sustainability governance framework (p.54) The issues that matter (p.13-51) Human Rights Position Statement: Performance reporting and monitoring (p.20)
C6	Remediation processes relating to salient issues	Human Rights Position Statement: Effective grievance mechanisms (p.19) Human Rights Position Statement: Related policies and position statements (p.23)



Independent Assurance Report to the Board of Directors of Westpac Banking Corporation

What we found

Based on the work described below, nothing has come to our attention that causes us to believe that the selected subject matter for the year ended 30 September 2017 has not been prepared, in all material respects, in accordance with the reporting criteria.

What we did

Westpac Banking Corporation ('Westpac') engaged us to perform a limited assurance engagement on selected subject matter within the 2017 Westpac Group Sustainability Performance Report and the 2017 Westpac Group Annual Review and Sustainability Report (together 'the Reports').

Selected subject matter

- Westpac's assertion that the 2017 Westpac Group Sustainability Performance Report has been prepared in line with:
 - The AA1000 AccountAbility Principles (2008); and
 - Its self-declared 'comprehensive' level of 'in accordance' requirements of the Global Reporting Initiative's G4 Guidelines;
- selected performance indicators listed in Table 1 for the year ended 30 September 2017 (unless otherwise indicated by Westpac within the Reports) (the 'selected performance indicators').

The selected subject matter did not include:

- data sets, statements, information, systems or approaches other than the selected performance indicators and related disclosures;
- forward looking statements; or
- any comparisons made against historical data.

Reporting criteria

The selected subject matter has been assessed against the following criteria (the 'reporting criteria'):

- Westpac's own definitions for each of the selected performance indicators, contained in the 'Glossary and definitions' section of the 2017 Westpac Group Sustainability Performance Report;
- the AA1000 AccountAbility Principles (2008) ('AA1000'); and
- the Global Reporting Initiative's G4 Sustainability Reporting Guidelines ('GRI').

Table 1: Selected performance indicators

Sustainability Performance Report Section	Performance indicator
Conduct and trust	<ul style="list-style-type: none"> Concerns reported on Concern Online (Total number of new concerns)
Customers	<ul style="list-style-type: none"> Australian Banking complaints types (%) Customer Complaints types <ul style="list-style-type: none"> New Zealand (%) BTFG (%) Change in number of consumer complaints from prior year <ul style="list-style-type: none"> Australia (%) New Zealand (%) Digitally active customers (millions) - Group
Employees	<ul style="list-style-type: none"> Employees (FTE) Group total Women in leadership (%) Indigenous Australians recruited (cumulative number) Percentage of basic salary - female to male (%) Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) <ul style="list-style-type: none"> Australia New Zealand
Social and economic impact	<ul style="list-style-type: none"> Value generation and distribution (\$m) - Community (community investments)
Sustainable lending and investment	<ul style="list-style-type: none"> CleanTech and environmental services - Australia and New Zealand <ul style="list-style-type: none"> Total attributable financing (\$m) Distribution by technology type (%) Westpac electricity generation portfolio emissions intensity (tCO₂e/MWh) Total mining exposure (\$m) Mining - distribution by customer primary commodity (%)

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Responsibilities

PwC

Our responsibility is to express a conclusion based on the work we performed.

Westpac

Westpac Management ('Management') is responsible for the preparation and presentation of the selected subject matter in accordance with the reporting criteria and is also responsible for the selection of methods used in the reporting criteria.

Further, Management is responsible for establishing and maintaining internal controls relevant to:

- the preparation and presentation of the selected subject matter that is free from material misstatement, whether due to fraud or error;
- maintaining adequate records; and
- making estimates that are reasonable in the circumstances.

What our work involved

We conducted our work in accordance with the Australian Standard on Assurance Engagements 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

This Standard requires that we comply with independence and ethical requirements and plan the engagement so that it will be performed effectively.

Main procedures performed

- obtaining an understanding of Westpac's materiality process and assessing it against the AA1000 and GRI materiality principles;
- reviewing a sample of supporting documentation and conducting interviews with management to assess whether the outputs of Westpac's materiality process fairly represent the material issues identified by stakeholders;

- reviewing the Westpac Group 2017 Sustainability Performance Report to assess whether it meets the disclosure requirements of AA1000 and the GRI;
- reviewing management information and documentation supporting a sample of assertions and claims made in the Westpac Group 2017 Sustainability Performance Report as part of our assessment of whether the report aligns with GRI's Principles for Defining Report Content and Defining Report Quality;
- interviewing selected members of the Westpac Executive team, business unit personnel and group level management to understand the key sustainability matters relevant to Westpac;
- making enquiries regarding the processes and controls for capturing, collating and reporting the performance data within the selected subject matter;
- reconciling a sample of the selected performance indicators back to underlying data sources;

- testing the arithmetic accuracy of a sample of calculations of the selected performance indicators;
- Undertaking analytical procedures over a sample of the selected performance indicators;
- Reviewing a sample of relevant management information and documentation supporting the selected subject matter; and
- Reviewing the selected subject matter to assess whether it has been prepared as described in the reporting criteria.

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Yours sincerely,


Liza Maimone
Partner
6 November 2017


PricewaterhouseCoopers
Canberra

Our Independence and Quality Control

We have complied with relevant ethical requirements related to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies the Australia Standard on Quality Control *ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance

This engagement is aimed at obtaining limited assurance for our conclusions. As a limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement.

Restriction on use

This report has been prepared in accordance with our engagement terms to assist Westpac in reporting its sustainable development performance. We do not accept or assume responsibility for the consequences of any reliance on this report for any other purpose or to any other person or organisation. Any reliance on this report by any third party is entirely at its own risk.

We consent to the inclusion of this report in the 2017 Westpac Group Sustainability Performance Report to assist Westpac's members in assessing whether the directors have discharged their responsibilities by commissioning an independent assurance report in connection with the selected subject matter.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

Glossary and definitions

Indicator or term	Definition
Absenteeism	Measured as the number of actual absentee days lost as a percentage of total days scheduled to be worked by the workforce for the same period. Employees absent from work because of incapacity of any kind, not as the result of work-related injury, excluding permitted leave such as holidays, study, parental and compassionate leave. Includes permanent full time, part time and maximum term employees.
Advancing the nation through social change	Refers to the Group's overarching community investment goal to set the agenda for responsible banking and lead on meaningful social progress in Australia and beyond.
Age and gender profile (%)	Refers to the proportion of male and female employees within each defined age bracket as at September 30. The figure includes full time, part time permanent and maximum term employees for Australia, Westpac Pacific and New Zealand.
Age profile of workforce compared to National labour force (%)	Compares the age profile of permanent employees (permanent full time, permanent part time and maximum term employees) to that of the national workforce. Australian workforce data is as per ABS 6291.0.55.001. New Zealand workforce data is as per the Department of Labour Key Information Tool (KIT). New Zealand workforce data is as per the Department of Labour Key Information Tool (KIT).
ATMs	Refers to the total number of Westpac, St.George, BankSA and Bank of Melbourne branded automatic teller machines, including talking ATMs.
Average hours of training per year per employee	Total number of hours of training (both workshop and online) in the period as captured by Westpac Group learning management systems, divided by headcount as at 30 September. Excludes non-managed training and some training conducted at a business unit level. 'Australian employees' refers to geography of legal employer which includes UK and US based employees. All data sourced from Australian and New Zealand Learning Management Systems (eAcademy; Way Ahead NZ and Learning Bank).
Bank@Post	Bank@Post outlets available to Westpac Group customers to provide basic cash & servicing transaction capability.
Base building emissions	Emissions from shared building facilities or services which are attributable to Westpac but not under our direct operational control, including both direct and indirect emissions sources (electricity, natural gas, diesel, transmission and distribution losses).
Branch	Refers to locations where customers can undertake retail transactions face-to-face including in-stores and advisory centres.
Branches with 24/7 capability	Branches that allow customers to self-serve 24/7 via a range of devices that allow them to withdraw and deposit cash, coin exchange etc. (N.B. not all these services would be available at every 24/7 zone). Access determined by individual location (i.e. shopping centre opening hours may prevent 24/7 access).
BTFG Portfolio carbon intensity	<p>BTFG Portfolio carbon Intensity is made up of three metrics, intended to provide members of our flagship superannuation portfolios with information on the investments they hold.</p> <p>Investments covered by this analysis include MySuper Lifestage options under the following product lines:</p> <ul style="list-style-type: none"> • BT Super For Life (BTSFL) • Westpac Group Plan MySuper (WGP) • Asgard Employee Super Account (AESAs) • BT Lifetime Super – Employer Plan (LSEP) • BT Business Super (BTBS) <p>These options represent the majority of FUM across BTFG's superannuation portfolios.</p> <p>The metrics include:</p> <ul style="list-style-type: none"> • Weighted Average Carbon Intensity describing each portfolio's exposure to each company's carbon intensity. Each company's carbon intensity is expressed in tonnes of carbon dioxide equivalents (tCO₂e) per million Australian dollars of revenue. • % of Fund covered by carbon intensity analysis, funds with a higher exposure to Australian and International Equities will have a higher portion included in the analysis. • Exposure to carbon-related assets providing the weight of Australian and International equities exposed to the most carbon-intensive sectors within each of the Funds. Carbon-related assets have been selected with consideration given to TCFD recommendations and the characteristics of the Australian benchmark. <p>Note that BTFG does not actively manage to a carbon benchmark; the analysis is used to understand where risks may lie within the portfolio, and provide customers with information on the investments they hold. More information on these metrics can be found on our website www.bt.com.au.</p>
Business Connect	Video conferencing capability installed into a St George, BankSA or Bank of Melbourne branch providing support to small to medium sized commercial customers.
Business travel – Air	Air travel undertaken by Westpac Group employees for business purposes and booked through Westpac's preferred travel management supplier. For Australia and the UK, emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA, excluding radiative forcing. For New Zealand, emission factors are sourced from the Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting, and are uplifted by 8% for greater circle distance as recommended by DEFRA.

Indicator or term	Definition
Business travel - Hire vehicles and personal vehicles	Hire vehicle travel undertaken by Westpac Group employees for business purposes, including Preferred Supplier kilometres travelled and non-preferred spend. Data is supplied by the Preferred Supplier or extracted from Westpac's supplier database, and where required kilometres travelled are estimated based on average \$/km. For Australia and the UK, emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA. For New Zealand, emission factors are sourced from the Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting. Personal vehicle travel includes distance travelled by employees using their vehicles for business purposes and is reported for New Zealand only.
Business travel - Hotels	Hotel stays include accommodation nights undertaken by Westpac New Zealand employees at domestic, Trans-Tasman (Australia) and international hotels booked through the Westpac New Zealand travel supplier agency. Excludes Australia, UK and Pacific.
Business travel - Taxis	Taxi and UBER travel undertaken by Westpac Group employees in Australia and New Zealand for business purposes. For Australia, spend data is sourced from the Westpac supplier database and total kilometres travelled estimated utilising State based flag fall and kilometre fees of major taxi providers. Emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA. For New Zealand, spend data is sourced from the supplier database and emission factors are sourced from the Ministry for the Environment Guidance for Voluntary, Corporate Greenhouse Gas Reporting.
Charitable gifts	<p>Cash donations to charities, with no branding or strategic intent.</p> <p>Cash support for charitable purposes not directly linked to the company's community investment or commercial strategies. This donation type is typically made in response to an appeal or initiated by management or an employee, and tends to be one-off or at prompt from client.</p>
CleanTech and environmental services lending and investment	<p>Lending and investment to CleanTech is defined as the total direct and indirect financing of customers to the extent they are:</p> <ol style="list-style-type: none"> involved in CleanTech activities reported in total committed exposures (TCE) as at 30 September 2017; or undertake activities which are over and above what is considered to be business as usual in the relevant industry, and which produce a material net benefit to the environment. To meet this, the activities must: <ul style="list-style-type: none"> involve process changes used to reduce environmental impacts or greenhouse gas emissions; and be over and above normal compliance obligations (e.g. legal, license or regulations). <p>CleanTech activities are defined as any of the following:</p> <ul style="list-style-type: none"> Energy Efficiency: Projects qualifying for government energy efficiency schemes. Green Buildings: Buildings that are able to demonstrate environmental credentials over and above normal compliance standards for the industry. This includes buildings that are able to demonstrate a minimum 5 Star NABERS rating in Australia and a minimum 5 Star Green Star rating in New Zealand. Green Businesses: Businesses involved in providing green products or services including consulting. Renewable Energy: Projects qualifying for government renewable energy schemes and hydro-electric generation. Waste: Alternate waste treatment, resulting in displacement of carbon emissions resulting from landfill. Water: Rehabilitation of waterways, water recycling & efficiency. Excludes desalination projects. Carbon Farming Projects: Projects qualifying for inclusion in the Carbon Farming Initiative. Forestry: Plantation forestry only. Land Rehabilitation: Rehabilitation of contaminated land, returning developed land to natural habitat or otherwise reserving land for long term carbon sequestration. <p>Direct financing refers to structured exposures to specific assets or unstructured exposures to an organisation whose operations are focused on only one type of activity which meets the definition for CleanTech.</p> <p>Indirect financing refers to organisations where one or more of the following apply:</p> <ul style="list-style-type: none"> Finance is provided centrally as unstructured lending and forms part of the general capital of the company at large; and/or The company has operations other than CleanTech; and/or The company operates multiple assets or facilities which are funded centrally. <p>For indirect financing, the total TCE is apportioned so that only the proportion attributed to CleanTech activities is included. This proportion is based on available financial information (such as revenues or assets) for the period, which provide an indication of the extent of an organisation's activities or assets that relate to CleanTech. In some cases, the TCE is apportioned based on the clean energy generation capacity of the organisation.</p> <p>Figures are for Australia and New Zealand only, and cover financing undertaken by Westpac Institutional Bank Australia and New Zealand, WNZL Business Banking (including corporate, mid-markets, agri and property finance), above a threshold of NZD1m TCE and Commercial and Business Bank above a threshold of AUD1m from 1 October 2013 TCE. For WNZL exposures below NZD1m and for all Commercial and Business Bank retail exposures (Aust and NZ), only new lending (after 30 September 2012) and facilitated investment associated with green products fitting the CleanTech activity definition are included.</p>

Indicator or term	Definition
CO₂-e	Carbon Dioxide equivalent (CO ₂ -e) is the universal unit of measurement for measuring carbon dioxide footprint. It is used to indicate the radiative forcing of the six greenhouse gases relative to carbon dioxide (CO ₂). CO ₂ -e is calculated using the Global Warming Potential of each gas.
CO₂-e/employee	This is a normalised figure describing the tonnes of Scope 1 and 2 greenhouse gas emissions per full time equivalent employee (FTE) during the reporting year. Note that FTE data is calculated on a 30 June year end, consistent with environmental data. Australian emissions data is prepared in alignment with NGER and New Zealand data is prepared in alignment with New Zealand Ministry for the Environment guidance for GHG reporting.
CO₂-e/m²	This is a normalised figure describing the tonnes of Scope 1 and 2 greenhouse gas emissions per weighted net lettable area (NLA) measured in square meters (m ²). Australian emissions data is prepared in alignment with NGER and New Zealand data is prepared in alignment with New Zealand Ministry for the Environment guidance for GHG reporting.
Community investment as a % of operating profit before income tax (Cash Earnings basis)	Refers to the total Group Community Investment made during the reporting year as expressed as a proportion of operating profit before income tax (cash earnings basis) over the same period.
Community investment as a % pre-tax profits	Refers to the total Group Community Investment made during the reporting year as expressed as a proportion of pre-tax profit over the same period.
Community partnerships	Contributions which are typically: <ul style="list-style-type: none"> • Over a longer period, e.g. 1-5 years. • Represent strategic investments in community partnerships. • Address specific community issues chosen by the company to fulfil a business objective, such as a culture of engagement, and to support employee desires to make a contribution to the communities which in turn support our enterprise. <p>These contributions include partnerships with non-profits or community groups, which have been selected due to their programs' relevance to Westpac Banking Group's business objectives. They also include memberships and subscriptions to non-profit and community groups.</p>
Complaints resolved within 5 days	The percentage of customer complaints that are resolved within 5 business days from the date the complaint was lodged, including those complaints that are resolved at the first point of contact. Based on the total number of complaints tracked during the reporting period.
Complaints type	Complaints reported are those recorded in the Bank's complaint systems, which are deemed to meet the ASIC Definition Australian Standard ISO 10002—2006: <i>Expression of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required</i> . Complaints recorded by Westpac Group personnel in Australia for Australian banking, BTFG personnel in the Bank's complaint systems for BTFG, and WNZL personnel in the Bank's complaint systems for New Zealand.
Completions of Indigenous Cultural Awareness training module by employees	Number of employees who have completed the eAcademy module: Indigenous Cultural Awareness online.
Connect Now	Video conferencing capability installed into a Westpac Branch (excluding in-stores) providing access to Small Business Lending, Home Lending, Financial Planning, Personal Lending and other specialist services (e.g. FFX) over Video conference where these services are not available in the branch face to face.
Customer numbers	All customers with an active relationship (excludes channel only and potential relationships). For Australian Banking an active relationship is where the customer has at least one open product; where a product has joint ownership, both owners are counted.
Customers brought into the banking system	Refers to the net number of people holding Choice Basic Accounts, a low-ID requirement account that was established to bring 'unbanked' people into the financial system. This number does not include any closed Choice Basic Accounts. The Choice Basic product was launched in late 2011.
Digitally active customers	Westpac Group customers who, as at 30 September 2017, have successfully authenticated into the Bank's digital banking platforms within the previous 90 days.
Doing the Right Thing training	All Westpac employees must complete the "Doing the Right Thing" e-learning module. We refreshed this module in 2017 to strengthen our conduct risk culture by deepening the connection to our Values and Our Service Promise. Through interactive scenarios employees learn what doing the right thing means and looks like in the areas of our code of conduct; acting with integrity; maintaining privacy; equal employment opportunity in action; AML and counter-terrorism; operational risk; our information security; giving advice; managing regulator relationships; managing records; information security; complaints management and resolutions; sanctions. This training must be completed by all new recruits and existing employees every 2 years.

Indicator or term	Definition
Domestic air travel	For Australia this includes passenger kilometres travelled for all domestic flights as provided by air travel supplier. Emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA. For New Zealand this includes passenger kilometres travelled for domestic flights as provided by travel suppliers, assumed to be an accurate reflection of the direct distance between flight points. The emission factors used are sourced from the New Zealand Ministry for the Environment, Guidance for Voluntary, Corporate Greenhouse Gas Reporting. An aviation multiplier of 1.08 is applied to reflect non-direct flights. UK data is based on the total number of flights within Europe multiplied by the average distance. Emissions are calculated using the Greenhouse Gas Protocol emissions factor for economy class short haul flights.
Electricity efficiency (kWh/m²)	Electricity consumption measured in kilowatt hours (kWh) over weighted net lettable area (NLA) measured in square meters (m ²) for Australian and New Zealand commercial and retail properties and subsidiaries. This includes commercial offices, contact centres, disaster recovery sites, branches, business banking and subsidiaries and excludes stand-alone ATMs, stand-alone data centres, sites which the Westpac Group does not have operational control over, and all facilities in the Pacific, UK, USA and Asia.
Electricity generation - Australia and New Zealand	<p>This includes both direct and indirect financing to energy generation assets in the Australian and New Zealand electricity markets, reported in total committed exposures (TCE) as at 30 September 2016.</p> <p>Direct financing refers to structured exposures to specific energy generation assets or unstructured exposures to an organisation whose operations are focused on only one type of energy generation asset that is registered for operation in Australian or the New Zealand electricity markets.</p> <p>Indirect financing organisations are where one or more of the following apply:</p> <ul style="list-style-type: none"> • Finance is provided centrally as unstructured lending and forms part of the general capital of the company at large; and/or • The company has operations other than electricity generation; and/or • The company operates multiple generation assets or facilities which are funded centrally. <p>Where a company has operations other than electricity generation and/or operates multiple generation assets or facilities, TCE is apportioned based on the proportional value contribution of the energy generation business of each organisation and the relative proportions of the different types of energy generation within each organisation.</p> <p>Figures do not include generator financing outside of Australia and New Zealand and refer only to financing undertaken by Westpac Institutional Bank (Infrastructure and Utilities) and Westpac NZ.</p>
Electricity generation portfolio emissions intensity - Australia	<p>Data is based on the reported exposures to Energy Generation (AUD lending only).</p> <p>The average financed carbon intensity is calculated by weighting each loan by the carbon intensity of each company (AUD lending only).</p> <p>The carbon intensity of a company is calculated as the average carbon intensity of their generation fleet, weighted by the most recently available generation data.</p> <p>Where a facility is controlled by one company, but owned and financed by an SPV, the facility is attributed to the SPV and excluded from the controlling company.</p> <p>Some companies are excluded where lending is general corporate debt and power forms a small part of their business.</p> <p>Where NGERs carbon intensity for a facility is not available, an average carbon intensity of similar facilities is used. Some facilities are excluded where carbon intensity data is not available.</p> <p>The comparison to Benchmark NEM intensity is meant to be indicative only. Westpac's financed carbon intensity is based on Scope 1+2 emissions in line with NGERs data and may include generators outside the NEM.</p> <p>For 2016, 93% of the AUD I&U loan book was able to be covered by this methodology.</p> <p>For 2017, 90% of the AUD I&U loan book was able to be covered by this methodology.</p>
Employee Assistance Program utilisation (%)	The Employee Assistance Program (EAP) is an independent, professional, and confidential counselling and coaching service available to all employees and their immediate families for both personal and work related issues. The EAP utilisation represents the proportion of employees who have accessed the EAP for support throughout the defined reporting period. Utilisation is reported as a % of the headcount of permanent employees in Australia and the Pacific. Higher engagement in EAP utilisation demonstrates positive help seeking behaviours, meaning our people are receiving support when they need it.
Employee engagement	Employee Engagement Index shows the percentage of Westpac Group employees who answered favourably to four engagement survey questions on pride, satisfaction, advocacy and retention on a scale of 1 to 5 where 1 is Strongly Disagree and 5 is Strongly Agree. The 2016 employee engagement survey adopted a new methodology and survey provider.
Employee numbers	The number of the headcount (total number of full time, part time and temporary) as at 30 September 2017.

Indicator or term	Definition
Employee voluntary attrition (%)	Refers to the total number of permanent (full time and part time) and maximum term employees (those leaving before their contract has expired) that voluntarily separated from the Westpac Group during the 12 month period, over the average total headcount for the 12 month period (also full time, part time and maximum term employees). Westpac Pacific figures included since FY15.
Employee voluntary attrition (number)	Refers to the total number of permanent (full time and part time) and maximum term employees (those leaving before their contract has expired) that voluntarily separated from the Westpac Group during the 12 month period. Westpac Pacific figures included since FY15.
Employees accessing parental leave	The total number of employees, including permanent full time, part time and maximum term employees accessing parental leave during the reporting period.
Enabling more inclusive banking and building financial capability	Refers to Group activities that support people facing financial hardship and lift inclusion through access to fair and appropriate financial services, awareness and education.
Energy consumption - Electricity (GJ)	Total consumption of electricity purchased from the grid for the year ending 30 June, as per supplier invoices for all facilities under the operational control of Westpac, normalised to gigajoules.
Energy consumption - Fuels (GJ)	Total consumption of liquid and gaseous fuels (natural gas, diesel, gasoline and LPG) used for stationary and transport purposes, as per supplier invoices or provider reports for all facilities under the operational control of the Westpac Group, normalised to gigajoules.
Equator Principles	The Equator Principles are a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing. Westpac applies the Principles against all project finance activities regardless of size. The full list of Principles can be found at www.equator-principles.com . Project finance is a form of debt financing that relies on repayment from the underlying project cash flows, with no recourse to other assets or support from the parent company. Loan exposures include both direct and contingent lending, and are represented by sector, geography and Equator Principle categories.
ESG integration	ESG integration is an approach to investing that takes a range of non-financial performance indicators into account, including environmental, social and corporate governance (ESG). Our approach to ESG integration does not apply a specific screening process. ESG factors may be considered at a company, stock or sector level; may impact a country specifically; or be part of a global trend. When considering ESG factors in the investment process, BTFG is not seeking to take a moral or ethical stance on ESG issues. Instead, our approach is motivated by financial goals, aiming to create value and/or manage risk over varying time-frames.
E-Waste	Electronic waste recycled, repurposed or re-used in Australia by Westpac Group's preferred provider. From 2015, this includes IT hardware and peripherals. Excludes New Zealand, Pacific and UK.
Family of giving	Refers collectively to Westpac Group's five foundations (Westpac Foundation, Westpac Bicentennial Foundation, St. George Foundation, Bank of Melbourne Neighbourhood Fund and BankSA Foundation).
Female / Male salary ratios	Refers to the average full time equivalent (FTE) base salary (excluding variable reward, leave loading, superannuation and any other allowances) for males and females across the Westpac Group broken down by the classification levels consistent with our reporting to the Board to satisfy ASX listing requirements. The report includes permanent employees (full time, part time and flexi part time), employees on a fixed term arrangement (full time maximum term, part time maximum term and flexi part time maximum term), and expatriate employees. The annualised salaries are included for those employees who have been with Westpac for part of the reporting year.
Financial education (hours)	Refers to the number of hours of financial education, offered by the Westpac Group, undertaken by employees, customers and the general public (including via online channels). In Australia financial education covers personal, business and social sector content inclusive of modules on financial basics, owning your home, building wealth, retirement planning, starting and growing a business and financials for non-profit organisations. New Zealand and Pacific businesses deliver locally tailored programs.
Financial education (participants)	Refers to the total number of employees, customers and general public attending financial education courses offered by the Westpac Group during the year (including online webinars). In Australia financial education covers personal, business and social sector content inclusive of modules on financial basics, owning your home, building wealth, retirement planning, starting and growing a business and financials for non-profit organisations. New Zealand and Pacific businesses deliver locally tailored programs.
Financial Wellbeing of 40+ women	Financial Wellbeing is defined and measured by the BT Australian Financial Health Index ("BT AFHI"), a statistical index built on a national research initiative involving 4,966 Australians and validated across an independent sample of 8,486 employees. The BT AFHI provides an assessment of Australian's relative position in terms of their overall Financial Wellbeing, personal financial management, preparation for life after work, investments and risk appetite, and insurance coverage. Predictive questions are aggregated to estimate a person's position on the BT AFHI, and the resulting metric is a standardised score between 1 and 11 that is comparable to benchmarks obtained from the nationally representative research. The differential to the total population is assessed for statistical significance by Ernst & Young.
Fleet - Emissions per vehicle	Refers to the total Scope 1 emissions from fuel consumption used by Australian and New Zealand based fleet vehicles under Westpac Group operational control during the year divided by the average number of vehicles in the fleet during the reporting year.
Fleet - Fuel consumption per vehicle	Refers to the total kilolitres of fuel used by Australian and New Zealand based fleet vehicles under Westpac Group operational control during the year divided by the average number of vehicles in the fleet during the reporting year.

Indicator or term	Definition
Foregone fee revenue	Where the financial institution has made an effective donation by not charging fees to charitable organisations or low income earners. The estimated value of the effective donation is calculated as the difference between what was charged (if anything), and what would have been charged on equivalent standard accounts.
Forest Stewardship Council (FSC) accredited paper purchased	The percentage of paper purchased during the reporting period that has some content that is accredited by the Forest Stewardship Council (FSC) and/or Programme for the Endorsement of Forest Certification (PEFC) as indicated by the supplier. FSC has been recognised as an international organisation that provides a system for different stakeholders interested in forest issues to work towards responsible forest management. In providing this system, FSC promotes environmentally appropriate, socially beneficial, and economically viable management of the world's forests.
Full time equivalent (FTE)	Total full-time equivalent (FTE) employees of the Group at the end of the reporting period. One full-time equivalent (FTE) is 76 hours paid work per fortnight.
General recycling (tonnes)	Total waste recycled or reused (or otherwise diverted from landfill) for commercial and retail facilities under Westpac Group's operational control, for the year end 30 June. Includes commingle, organics, cardboard, glass, printer cartridges/toners and e-waste, where data is available. Excludes stand-alone ATMs and fleet. For Australia, commercial sites and data centres are based on recycling provider invoices where available or estimated based on averages from properties within the same portfolio for which actual data is available. For retail sites, based on representative waste audits and extrapolated across the retail network. For New Zealand, based on supplier records.
Global Warming Potential(GWP)	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO ₂ .
Greenhouse Gases (GHG)	Greenhouse gases include the six gases listed in the Kyoto Protocol (CO ₂ , CH ₄ , N ₂ O, SF ₆ , hydrofluorocarbons and perfluorocarbons) as well as the Montreal Protocol gases, where activity data is available and meets materiality requirements. For Australia, GHG's are calculated in accordance with the National Greenhouse and Energy Reporting Act 2007 (NGER Act) and the National Carbon Offset Standard. For New Zealand GHG are calculated in accordance with the Ministry for the Environment, Guidance for GHG Reporting. For UK and Pacific, GHG's are calculated in accordance with the GHG Protocol.
Group community investment (\$AUD)	Total amount in AUD provided in support of community based activities during the reporting year. It includes monetary contributions, time contributions, management costs and in-kind contributions comprising of gifts and foregone fee revenue. Reported amounts have been compiled with reference to the Global Reporting Initiative's G4 Sustainability Reporting Guidelines under EC1 and the Financial Services Sector Disclosures. Refer to separate definitions for each of these items for more detail of inclusions.
Group lending profile	Represents total exposure in lending products broken down as a percentage by: geography (based on country of registration of direct customer); and by sector (based on Australian New Zealand Standard Industrial Classification (ANZSIC) codes produced by the Australian Bureau of Statistics and the New Zealand Department of Statistics) and assigned by Westpac based on companies primary source of revenue. All data is in exposure at default.
Helping out in times of need	Refers to Group activities that provide emergency relief to communities during disasters, and help people recover faster and better from financial crisis.
High performer retention	Voluntary high performer retention over the 12 month rolling high performer headcount for the period (includes permanent full time, part time permanent and maximum term employees). A high performer is defined as a staff member who receives one of the top two performance ratings. Westpac Pacific figures included since FY15.
Indigenous Australians recruited (cumulative number)	The number of Indigenous Australians recruited refers to the number of self-identified Aboriginal and Torres Strait Islander employees that have been hired across Westpac Group during FY17.
Indigenous financial education training	Davidson Institute financial education program focused on financial governance for Indigenous organisations.
In-kind contributions	In-kind contributions comprise foregone fee revenue, in-kind gifts or donations. Refer to separate definitions for each of these items for more detail of inclusions.
In-kind gifts or donations	In-kind donations – Use of company premises, donation of resources such as computers and in-kind marketing to community organisations.
In-store	In-store is a value added service to the EFTPOS platform. In-store is designed to bring specific banking facilities to communities through local businesses (merchants) and is designed to be used not only in urban areas but extends to rural and remote areas that have had no banking presence before. Through an in-store, Westpac customers have the opportunity to do the following basic banking services all through a standard EFTPOS terminal: Withdrawal, Deposit, Pay others, Transfer, Bill Pay, Mini Statement and Balance Enquiry.
International air travel	For Australia includes passenger kilometres travelled for all international and Trans-Tasman flights as provided by air travel supplier. Emission factors are sourced from the UK Government conversion factors for Company Reporting (2015, v1.0) published by DEFRA, based on flight distances and air travel class. For New Zealand includes passenger kilometres travelled for international and trans-Tasman flights as provided by travel suppliers, assumed to be an accurate reflection of the direct distance between flight points. The emission factors used are sourced from the New Zealand Ministry for the Environment, Guidance for Voluntary, Corporate Greenhouse Gas Reporting, based on flight distances. An aviation multiplier of 1.08 is applied to reflect non-direct flights. For UK data is based on total number of flights outside Europe multiplied by the average distance. Emissions are calculated using the Greenhouse Gas Protocol emissions factor for economy class short haul flights.

Indicator or term	Definition
Investing in economic wellbeing and greater prosperity	Refers to Group activities that identify, pilot and finance innovative ideas and partnerships to create opportunities for economic participation and increase financial wellbeing and prosperity.
IT and telecommunications	Includes professional IT services, business process outsourcing, telecommunications, application services and infrastructure.
Lost Time Injury Frequency Rate (LTIFR)	Lost Time Injury Frequency Rate (LTIFR) measures the number of Lost Time Injuries (LTIs), defined as injuries or illnesses (based on workers compensation claims accepted) resulting in an employee being unable to work for a full scheduled day (or shift) other than the day (or shift) on which the injury occurred where work was a significant contributing factor, per one million hours worked in the rolling 12 months reported. Westpac Pacific figures included in FY16 (not included in prior years).
Management costs	<ul style="list-style-type: none"> General - Management costs comprise of salaries and on-costs of employees involved in facilitating donations and volunteering by employees, managing the community investment program, as well as non-wage administration costs e.g. research or evaluation and communications. Indigenous - Management costs comprise the relevant proportion of salaries and on-costs of employees involved in facilitating donations and volunteering by employees, managing the community investment program, as well as non-wage administration costs e.g. research or evaluation and communications.
Matched giving	Where employees raise or donate money and the financial institution matches with its own contribution. Only the money the financial institution itself donates is counted, not that contributed by employees.
Mean employee retirement age	Mean Retirement Age is defined as the Sum of Retirement Age over the Retirement Headcount for the 12 month period (includes permanent full time, part time and maximum term employees). Westpac Pacific figures included since FY15.
Mining - Australia and New Zealand	<p>Total exposure to natural resources is reported in Total Committed Exposure (TCE) as at 31 August.</p> <p>This includes any company (at the subsidiary level) that is incorporated in Australia or New Zealand where greater than 50% of its earnings (EBITDA), or revenue where EBITDA is not available, is generated from upstream production activities (including mining and oil and gas extraction) and related services. Where companies have more than mining activity, TCE is apportioned based on the % of the total company revenue or earnings (as appropriate) earned from each activity.</p> <p>In 2015 Westpac decided to report overall mining exposures at a group level however, to maintain clarity and transparency we will continue to report our exposure to Coal Mining and Oil and Gas extraction for Australia and New Zealand, in line with our 2014 report.</p> <p>These are reported as a percentage of our total exposure to natural resources metric. The remaining portion of this exposure includes metal ore mining, mining services and other lending related to the resources and mining sector, not attributable to a particular company or resource. We note that Westpac does not lend to pure exploration companies.</p>
Mining - Group	<p>Data is reported in Total Committed Exposure (TCE) as at 30 September.</p> <p>Data represents group wide exposures (TCE) to all customers where mining forms the primary basis of their business. This is determined by the bank when assigning an ANZIC classification to an exposure.</p> <p>Where companies operate in multiple sectors within the mining industry they are classified according to their primary industry exposures into six commodity categories (coal mining, oil and gas extraction, iron ore mining, other metal ore mining, mining services and other) and are reported as a percentage of the metric Mining - Group. Where companies have more than one mining activity TCE is apportioned based on the majority activity of the company. Where the major activity does not meet any of the categories presented above, the exposure has been categorised as other.</p>
Mobile active customers	Unique customers who have successfully authenticated (including Quick zone) into the digital banking platforms via a mobile device within 90 days.
Mobile banking activation	Refers to customers registered to use Westpac Pacific's mobile phone service.
Monetary contributions	Monetary contributions are comprised of charitable gifts of money or other cash donations, matched giving and community partnerships.
NEM	National Electricity Market. The average emissions intensity of generation for the NEM is determined as the sum of emissions arising from electricity generation on the NEM, divided by the sum of generation from those same generating units.
Net Lettable Area (NLA)	Net lettable area (NLA) is measured in square meters (m ²) as recorded on lease agreements during the reporting year. Weighted NLA is calculated as net lettable area (m ²) x days in operational control/days in the period.
Net Promoter Score (NPS)	Net Promoter Score measures the net likelihood of recommendation to others of the customer's main financial institution for retail or business banking. Net Promoter ScoreSM is a trademark of Bain & Co Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld. For retail banking, using a scale of 1 to 10 (1 means 'very unlikely' and 10 means 'very likely'), the 1-6 raters (detractors) are deducted from the 9-10 raters (promoters). For business banking, using a scale of 0 to 10 (0 means 'extremely unlikely' and 10 means 'extremely likely'), the 0-6 raters (detractors) are deducted from the 9-10 raters (promoters).

Indicator or term	Definition
Net Promoter Score (NPS) – business	Source: DBM Consultants Business Financial Services Monitor, September 2013 – 2017, 6MMA. Westpac Group, MFI customers, all businesses.
Net promoter Score (NPS) – consumer	Australia Source: Roy Morgan Research, September 2013 – 2017, 6MMA. Westpac Group, Main Financial Institution (as defined by the customer). Consumers aged 14 or over.
New starter retention	Voluntary new starter retention over the new starter headcount for the 12 month period (permanent full time and part time employees). Westpac Pacific figures included since FY15.
New starters (%)	Voluntary new starters over the 12 month average headcount for period (includes permanent full time and part time employees). Westpac Pacific figures included since FY15.
New starters (number)	Total number of new starters over the last 12 months (includes permanent full time and part time employees). Westpac Pacific figures included since FY15.
New starters by gender and age	The total number of employees (permanent full time and part time) who started in FY15, FY14 and FY13 respectively split by age and gender. Number and percentage of the total. Westpac Pacific figures included since FY15.
Occupational health and safety training	Our global program of OH&S training is made up of 5 e-learning modules: Doing the Right Thing, Your Health and Safety, Building Emergence Procedures, Health & Safety for People Leaders, Hazard Management for People Leaders, and a face to face training H&S Leadership program (HSL). The full program is available in Australia and New Zealand and the 5 e-learning modules available globally. Prior to 2015, NZ employees undertook ‘Doing the Right Thing’ training (one module of the full global program). Data prior to 2015 excludes Asia and the Pacific. All permanent employees and temporary employees of more than 30 days are required to complete this training.
Office paper (tonnes)	Total office copy paper purchased by the Westpac Group in Australia and New Zealand as reported by suppliers (in tonnes).
Office paper (tonnes)/ employees (FTE)	Normalised figures of total office copy paper purchased by the Westpac Group in Australia and New Zealand as reported by suppliers (in tonnes) per Full Time Equivalent employee (FTE) during the reporting year. Note that FTE data is calculated on a 30 June year end, consistent with environmental data.
Operations and Property	Includes security, facilities maintenance, catering, utilities, valuations, settlements, freight, travel, entertainment, conferences, information services, and office suppliers.
Paper consumption (tonnes)	Total office paper and paper products purchased (in tonnes) by the Westpac Group as reported by suppliers. Includes office copy paper, paper products and printed materials, including direct mail and marketing documents (e.g. office stationary, marketing brochures, customer statements). Emission factors are calculated utilising the Victoria Government GHG emission factors for office copy paper.
Paper recycling (tonnes)	Total paper recycled via secure document recycling (in tonnes) including archived documents that have exceeded their expiry date, for commercial and retail facilities under Westpac Group’s operational control, as reported by recycling provider. Includes commercial offices, retail and business banking centres and data centres. Excludes stand-alone ATMs.
Participation of mature age workers	Refers to the average mature age Workforce aged 50 and above over the average total permanent headcount for the 12 month period (includes permanent full time, part time and maximum term employees). Westpac Pacific figures included since FY15.
Positive impact finance	Positive impact finance is that which verifiably produces a positive impact on the economy, society or the environment once any potential negative impacts have been duly identified and mitigated. Positive Impact Finance includes: <ul style="list-style-type: none"> • lending which directly addresses a widely recognised societal issue, or to sectors or markets which operate with an explicit societal goal; and • deposits or products and services provided (other than lending) to customers or markets which would otherwise meet our definition of positive impact. This does not include lending to any individual customer where we have made a specific sustainability requirement as part of our lending or encouraged sustainable practices as part of our customer engagement.
Power usage effectiveness (PUE)	Power Usage Effectives (PUE) is an industry accepted ratio for the measurement of the effective usage of electrical power in a standalone Data Centre Facility and is represented by the quotient Total Facility Power Load divided by IT Equipment Power Load. PUE is calculated for Australian Data Centres only.
Products, Marketing & Digitisation	Includes customer loyalty, schemes and cards, event management, marketing services, media, market research, mail and sponsorship.
Programme for the Endorsement of Forest Certification (PEFC)	The Programme for the Endorsement of Forest Certification (PEFC) is an international non-profit, non-governmental organization dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification. PEFC works throughout the entire forest supply chain to promote good practice in the forest and to ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards. Thanks to its eco-label, customers and consumers are able to identify products from sustainably managed forests.
RAP Employee Perception Barometer	Survey conducted by Reconciliation Australia in organisations which have implemented RAPs to demonstrate the effects RAP’s are having on perceptions and attitudes within Australian organisations.
Rate of return from parental leave	The total number of employees, including permanent full time, part time and maximum term employees returning from parental leave during the reporting period. Excludes Westpac Pacific.

Indicator or term	Definition
Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	Ratio of the annual total compensation for highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual). Compensation for the highest paid individual is comprised of: <ul style="list-style-type: none"> • Annual total remuneration; • Short term incentives; and • Long term incentives (based on the grant value).
Recycled content paper purchased	The percentage of paper purchased during the reporting period that has some content that is from recycled sources as indicated by the supplier.
Recycling rates for Sydney Head Office locations (%)	Recycling rate for six Westpac Group Sydney commercial offices (Westpac Place, 182 George St Sydney, 33-35 Pitt St Sydney, 316 George St Sydney, 4-16 Montgomery St Kogarah, 200 Barangaroo Avenue) calculated as the percentage of waste recycled (in tonnes) compared to the total waste generated (in tonnes, including waste recycled and waste sent to landfill). Excludes all other commercial offices, storage units, retail sites (branches & business banking centres), stand-alone ATMs, stand-alone data centres, fleet and sites over which the Westpac Group does not have operational control.
Responsible Investment (\$m)	BTFG funds applying an environmental, social and governance (ESG integration) approach. Data prior to 2015 not available due to change in reporting methodology.
Responsible Sourcing Code of Conduct	We ask our suppliers and others seeking to do business with us to comply with Westpac's Responsible Sourcing Code of Conduct. It sets out Westpac's standards of ethical, social and environmental business practices required for suppliers. The Code of Conduct is available at: Website: Sustainable Sourcing – Responsible sourcing
Scope 1 & 2 GHG emissions in commercial and retail sites (tCO₂e)	Scope 1 and 2 emissions from Australian and New Zealand commercial and retail properties and subsidiaries. This includes commercial offices, contact centres, disaster recovery sites, branches, business banking and subsidiaries. Excludes stand-alone ATMs, stand-alone data centres, Westpac Group fleet, sites over which the Westpac Group does not have operational control, and all facilities in the Pacific, UK, USA and Asia.
Self-assessment	We ask our suppliers and others seeking to do business with us to comply with Westpac's Responsible Sourcing Code of Conduct. Compliance typically involves a self-assessment against the Code of Conduct. Relates to self-assessment undertaken during the reporting period.
Skilled volunteering	Volunteering that utilises employee skills including unique life and/or professional skills and advice to help not-for-profits or community organisations realise and achieve their potential and aspirations. The value of skilled volunteering time is calculated based on hours logged to skilled volunteering time in Group's HR systems or other internal records, multiplied by the derived average hourly salary of employees participating in FY2017.
Smart ATMs	Automatic teller machines with deposit taking functionality. Numbers exclude old style envelope deposit machines.
Social and Affordable housing lending and services	Refers to the Total Approved Exposure across WIB, WNZL and AFS committed to customers in the Social and Affordable Housing sector. Social Housing is low cost housing provided to tenants who are typically reliant on benefits as a significant source of income. Tenants cannot pay more than 35% of their income on rent. Affordable Housing is provided to employed tenants who have low or moderate incomes and priced to ensure households are able to meet other essential basic living costs. Rent must be less than 80% of the market rent. These customers include Community Housing Providers, Property Investors with National Rental Affordability Scheme (NRAS) Entitlements, Not for Profits that provide low cost or free accommodation and Public Private Partnerships in social and affordable housing. This excludes Borrowers who have a total aggregate exposure of less than \$1.0m, individual AFS retail customers who have sought financing of NRAS affordable housing and listed and unlisted property developers who participate in the development of affordable housing through the utilisation of NRAS entitlements.
Social impact framework	Community investment decision making framework for the Group, which identifies the community focus areas where the organisation can deliver the greatest positive social impact. The framework also articulates the social impact outcomes and performance measures against these outcomes.
Spend with indigenous suppliers	Annual spend with businesses that are 51% or more owned and operated by an Aboriginal or Torres Strait Islander person and certified with a relevant member organisation. Indigenous owned businesses are defined at: Website: Supplier inclusion and diversity – Supplier Inclusion and Diversity Policy .
SRI (Screened)	Total funds under management in BTFG's Socially Responsible Investment (SRI) funds. This includes the Ethical and Sustainable funds portfolios that positively or negatively screen or tilt to a particular ethical or sustainable thematic.

Indicator or term	Definition
Tenure & gender profile (%)	Tenure and gender profile refers to the proportion of male and female employees (permanent full time, part time and maximum term) within each defined bracket of years of employment at the end of the reporting period. Westpac Pacific figures included since FY15.
Top suppliers	Top 100 suppliers to Westpac Australia by spend.
Total committed exposure (TCE)	The maximum amount of credit exposure Westpac has approved to incur for a particular customer or project. This is the total value of any outstanding credit facilities plus unutilised limits of facilities.
Total employees by employment type and region (headcount)	Refers to the total number of employees by headcount including full time, part time permanent employees, maximum term employees and contractors broken down by region as at 30 September.
Total Reportable Injury Frequency Rate (TRIFR)	Total Reportable Injury Frequency Rate (TRIFR) measures the number of recorded injuries (lost time injuries, restricted work injuries and other injuries requiring medical treatment), where work was a significant contributing factor, per one million hours worked in the rolling 12 months reported.
Total Scope 1 and 2 emissions (tCO₂e)	Total Scope 1 and Scope 2 emissions as a result of Westpac Group's operations across Australia, New Zealand, UK and Pacific.
Total Scope 1 greenhouse gas emissions (tCO₂e)	Scope 1 emissions are the release of greenhouse gases into the atmosphere as a result of Westpac Group's direct operations for the period 1 July - 30 June. Australian data is prepared in accordance with the National Greenhouse and Energy Reporting Act. New Zealand data is prepared in accordance with the New Zealand Ministry for the Environment's Guidance for GHG reporting.
Total Scope 2 greenhouse gas emissions (tCO₂e)	Scope 2 emissions are indirect greenhouse gas emissions from the consumption of purchased electricity by Westpac Group for the period 1 July - 30 June. Australian data is prepared in accordance with the National Greenhouse and Energy Reporting Act. New Zealand data is prepared in accordance the New Zealand Ministry for the Environment's Guidance for GHG reporting, using emission factors from the Ministry for Business, Employment and Innovation.
Total Scope 3 greenhouse gas emissions (tCO₂e)	Scope 3 emissions are indirect greenhouse gases emitted as a consequence of Westpac Group operations but occur at sources owned or controlled by another organisation. Australian data is prepared in accordance with the National Carbon Offset Standard. New Zealand data is prepared in accordance the New Zealand Ministry for the Environment's Guidance for GHG reporting.
Total supply chain spend	Total dollars spent captured through Group reporting systems in AUD with external suppliers who provide products or services to the organisation during the reporting period.
Transmission & distribution losses	Emissions from energy losses which are attributable to the transmission and/or distribution of energy to the end user. For Australia this includes electricity and natural gas. For New Zealand this includes electricity only.
Transport - Fleet vehicles	Includes consumption of liquid fuels for transport purposes (diesel, gasoline) by vehicles under Westpac Group operational control, regardless of whether these vehicles are owned or leased. Excludes Novated Lease, salary sacrifice purchased vehicles, transport services provided by a third party supplier or vehicles sponsored by the Westpac Group. For Australia this includes emissions from direct Scope 1 (fuel consumption) and indirect Scope 3 (upstream extraction and distribution) prepared in accordance with NGER and the NGA Factors. For New Zealand this includes direct Scope 1 emissions only prepared in accordance with the Ministry for the Environment, Guidance for Voluntary, Corporate GHG Reporting.
Volunteer time	Staff participation in authorised volunteering activities. The value of volunteer time is calculated based on total community leave hours recorded in the Group's HR systems or other internal records, multiplied by the derived average hourly salary for all employees in FY2017.
Waste to landfill (tonnes)	Total waste sent to landfill across commercial and retail facilities under Westpac Group's operational control for the year ending 30 June. Excludes stand-alone ATMs and fleet. For Australia, commercial facilities and data centres are based on provider invoices where available and estimated based on averages from properties within the same portfolio for which actual data is available. For retail sites these are based on representative waste audits and extrapolated across the retail network. Emission factors are sourced from the National Greenhouse Accounts Factors for commercial and industrial waste. For New Zealand, these are based on provider records and calculated in accordance with the Ministry for the Environment Guidance for GHG Reporting.
Water consumption (kL)	Water consumption is the total potable water consumed at Australian commercial and retail facilities under Westpac Group operational control. Water consumption is based on supplier reports where available, or estimated based on the net lettable area and average consumption of similar properties for which actual data is available. Excludes recycled and reclaimed water consumption, and all water consumption across New Zealand, UK and Pacific.
Water consumption in Sydney head offices (kL)	Water consumption for six Westpac Group Sydney commercial offices (Westpac Place, 182 George St Sydney, 33-35 Pitt St Sydney, 316 George St Sydney, 4-16 Montgomery St Kogarah, 200 Barangaroo Avenue) based on supplier reports. Excludes recycled and reclaimed water consumption and all other commercial offices, storage units, retail sites (branches & business banking centres), stand-alone ATMs, stand-alone data centres, fleet and sites which the Westpac Group does not have operational control over.

Indicator or term	Definition
Wellbeing Work Ability index	<p>The Work Ability Index is a predictive measure of peoples' ability to continue to work at their current productivity.</p> <p>Wellbeing at Westpac is defined and measured using an index grounded in over 30 years of longitudinal European research with a further 10 years of recent research in Australia. The Work Ability Index includes 8 predictive questions that are aggregated and weighted to determine a wellbeing score between 7 and 49. The resulting Wellbeing score has been academically proven to be predictive of workplace productivity and participation, future sick leave, health, quality of life, mental illness, and risk of death and/or disability in several studies.</p> <p>The Westpac Group score is the weighted average Wellbeing score across a representative sample of Westpac Group employees.</p>
Westpac Group customers with Westpac Group super (%)	<p>Data based on Roy Morgan Research, Respondents aged 14+. Super penetration is defined as the number of Australians who have Superannuation with the Westpac Group and who also have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with the Westpac Group as a proportion of the total number of Australians who have a Deposit or Transaction Account, Mortgage, Personal Lending or Major Card with the Westpac Group. 12 month moving average to Sep 2013. Westpac Group includes Bank of Melbourne, BT, Challenge Bank, RAMS, Rothschild, Westpac, Advance Bank, Asgard, BankSA, Dragondirect, Sealcorp and St. George.</p>
Whistleblower reporting	<p>Number of concerns reported directly into the Bank's Concern Online system or via the Bank's whistleblower hotline. Total concerns are broken down into classifications and the substantiation status, as determined by the Bank.</p>
Women in leadership - Board (%)	<p>Refers to the % female Board directors including executive and non-executive directors at the end of the reporting period.</p>
Women in leadership (%)	<p>Women in Leadership refers to the proportion of women (permanent and maximum term) in leadership roles across the Group. It includes the CEO, Group Executives, General Managers, senior leaders with significant influence on business outcomes (direct reports to General Managers and their direct reports), large (3+) team people leaders three levels below General Manager, and Bank and Assistant Bank Managers.</p>
Workforce Enablement, Services and Wealth	<p>Includes recruitment, training, wardrobe, staff wellbeing services, legal and consulting.</p>

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To find out more about Westpac Group's sustainability approach, policies and performance, please visit www.westpac.com.au/sustainability.

For information on our compliance with international agreements, including the United Nations Global Compact and Declaration on Human Rights, contact the Group Head of Sustainability at sustainability@westpac.com.au.

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2017 WESTPAC GROUP REPORTING SUITE



2017 Annual Review and Sustainability Report



2017 Annual Report



2017 Sustainability Performance Report