

How we manage sustainability.

November 2020.

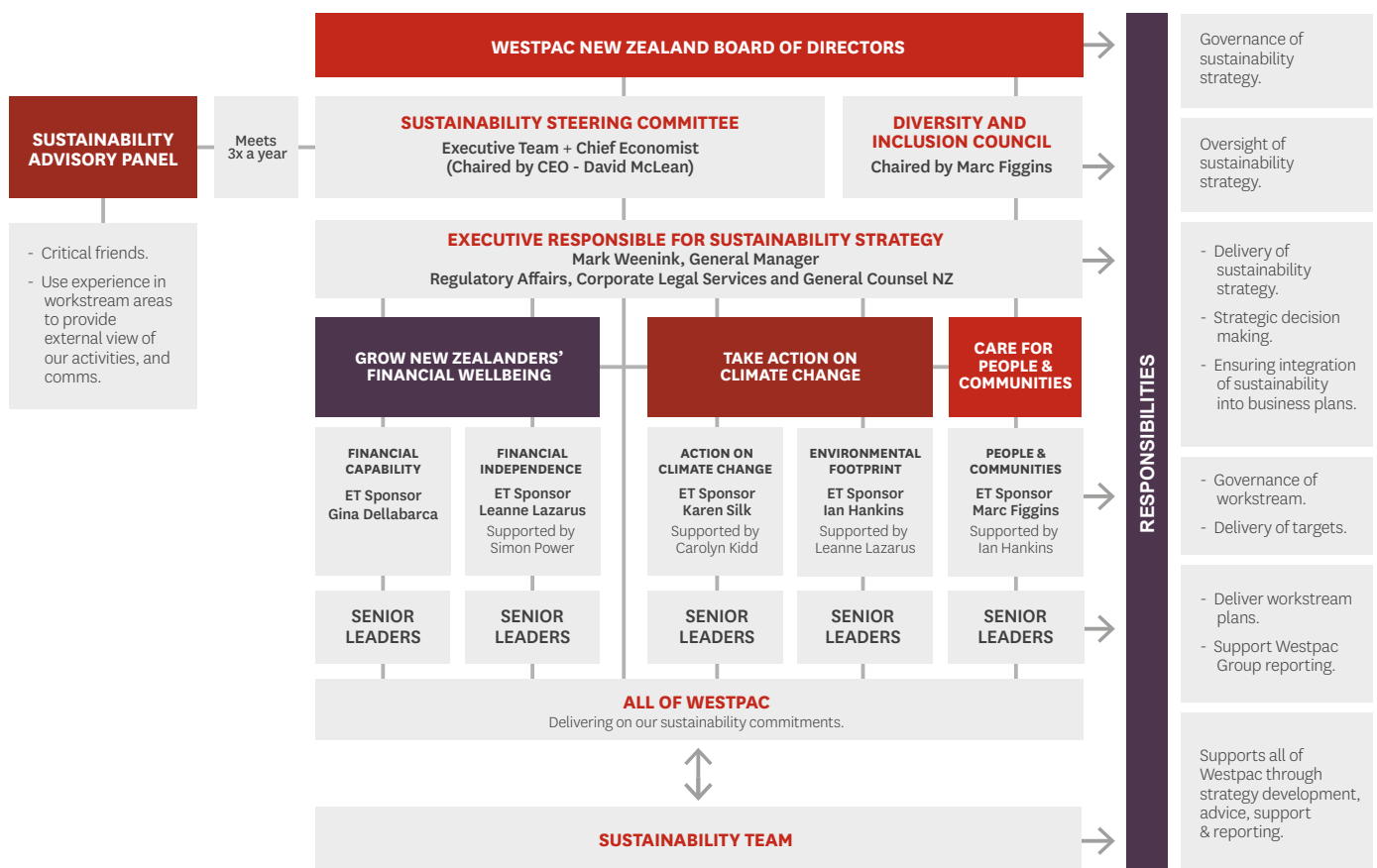


Sustainability governance.

Westpac NZ's **sustainability governance** helps us to ensure sustainability is overseen at the highest levels of our organisation and embedded throughout our everyday operations.

Our Strategy is overseen by our Sustainability Steering Committee, comprised of our CEO, Executive Team and Chief Economist. Each focus area has a working group, chaired by an Executive Team member.

The Westpac NZ **Sustainability Advisory Panel** is a group of independent advisors providing oversight and critique of our sustainability strategy via regular meetings with Westpac's Sustainability and Executive teams. The Panel is chaired by Nick Main and includes Abbie Reynolds, Emeline Afeaki-Mafle'o, Dr Jan Wright, Rangimarie Hunia and Sam Johnson. In 2020 we welcomed a new member, Abbie Reynolds and farewellled Phil O'Reilly and Sir Rob Fenwick, both founding members of the Panel. Our meetings have been adapted to be virtually held in March and August in 2020 with the key topics of responding to COVID-19 and the development of the 2025 Sustainability Strategy. Annually, the Panel has a separate meeting with the Westpac New Zealand Board to raise and discuss material sustainability issues.



Executive Team sustainability workstream sponsors.

Gina Dellabarca	General Manager Consumer Banking & Wealth
Leanne Lazarus	Chief Executive Officer Westpac Life
Simon Power	General Manager Institutional & Business Banking
Karen Silk	General Manager Experience Hub
Carolyn Kidd	Chief Risk Officer
Ian Hankins	Chief Financial Officer
Marc Figgins	General Manager Human Resources and Communications

Issues that matter.

We are committed to creating shared value – for our customers, our shareholders, our people and our communities. We do this through our core business, which is focused on helping our customers grow their financial wellbeing, and more widely by using our financial and economic expertise to generate positive economic, social and environmental outcomes for Aotearoa.

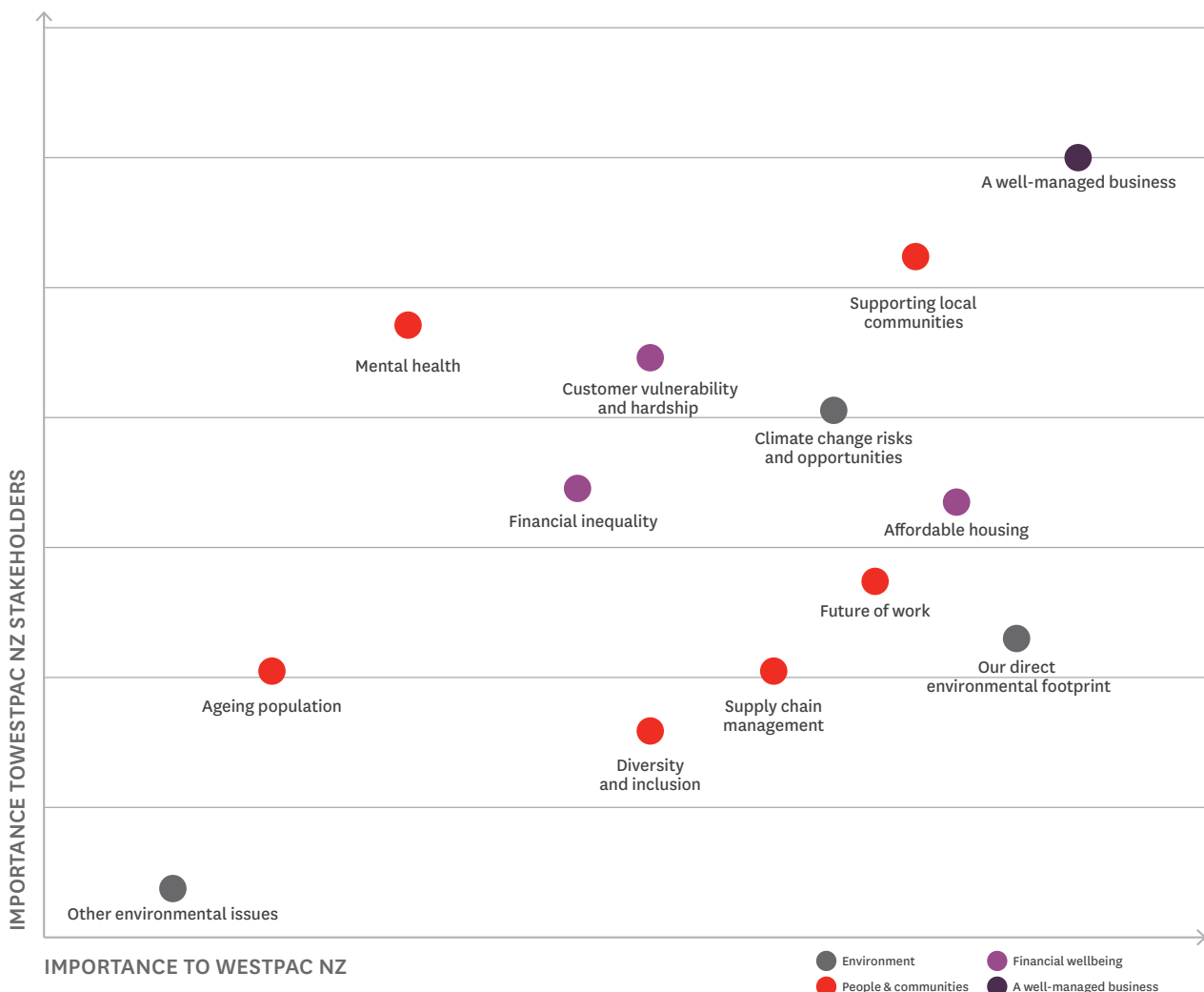
Our approach to sustainable business includes a suite of **principles, policies and statements**.

Identifying material sustainability issues.

We have identified a range of current and emerging risks and opportunities that may impact our stakeholders and business. To determine the most material of these we undertook stakeholder engagement, data analysis and consultation with our senior management and the Sustainability Advisory Panel.

This graph shows the 13 most material topics mapped by importance to Westpac New Zealand stakeholders and importance to Westpac New Zealand.

Our material issues.



The table below maps our response to the material topics arising from our analysis. For each, references are provided to further information on each topic.

TOPIC	DESCRIPTION	HOW WE'RE RESPONDING
A well-managed business.	<ul style="list-style-type: none"> - Clear governance practices, active management of risk, commitment to compliance, and fair remuneration in our operations, supplier and partner relationships are critical to the longevity and financial wellbeing of Westpac NZ. - Customers' needs are becoming more complex. At the same time their preferences around how they want to engage with us are evolving. - Maintaining a healthy financial performance and strong balance sheet is vital to Westpac NZ's long-term sustainability. - Maintaining customer confidentiality and the security of our systems is paramount to maintaining trust and confidence. - Instances of poor conduct have eroded public trust in the financial services sector, driving an increased focus on corporate culture and improved outcomes for customers. 	<p>Governance and risk</p> <ul style="list-style-type: none"> - Robust governance structure - Financial crime management - Mature risk culture. <p>Customer satisfaction and experience</p> <ul style="list-style-type: none"> - Customer expectations and experience (simpler products, digital capability, complaints management, customer service, customer support). <p>Tax and economic contribution</p> <ul style="list-style-type: none"> - New Zealand tax contribution - Supply chain, wages, salaries & business investments - Support easing COVID-19 impacts (employment, hardship packages, loan payment pauses) and help improve long term resilience. <p>Information and data security</p> <ul style="list-style-type: none"> - Maintaining customer privacy and confidentiality (continued trust in the information age, data ethics, loss of customer data, cybersecurity) - Proliferation of new technologies, increasing use of the internet and telecommunications to conduct financial transactions and growing sophistication and activities of attackers. <p>Conduct and culture</p> <ul style="list-style-type: none"> - Ethical conduct and culture - Responsible banking and lending - Speaking up policy - Whistle Blower policy.
Supporting local communities.	<p>As an essential service provider in New Zealand's communities, we support those in need including in times of emergency and resilience building, as well as initiatives to address complex societal and economic issues.</p>	<ul style="list-style-type: none"> - Westpac Rescue Helicopters - Employee volunteering - Employee matching gifts programme - Redirecting redundant furniture and materials to local communities through All Heart NZ - Charitable donations and sponsorships - Supporting diverse suppliers - Supporting NZ communities through COVID-19.
Climate change risks and opportunities.	<p>As a major financial institution, we have an important role to play in managing the risks and opportunities of climate change; supporting collaborative efforts to limit global warming, while also taking steps to help the economy and communities become more resilient.</p>	<ul style="list-style-type: none"> - Assessing our climate change risk including physical (flooding) and transition risk (oil & gas) - Sustainable finance - Empowering customers to take action in their own lives through our product offerings eg Warm Up, CoGo.
Customer vulnerability and hardship.	<p>Our ability to support customers in times of financial hardship and anticipate times when they can become vulnerable allows us to help when it matters most.</p>	<ul style="list-style-type: none"> - Financial inclusion - Dementia friendly programme - Partnered with Shine to develop e-learning to understand domestic violence - Dedicated extra care team - COVID-19 support packages eg mortgage deferral.
Affordable housing.	<p>Access to affordable housing is fundamental to the wellbeing of Kiwis and a key challenge for Aotearoa. Being a large financial institution, we are well placed to help through innovative solutions.</p>	<ul style="list-style-type: none"> - Prebuilt home loan - Shared equity - Papakāinga.

TOPIC	DESCRIPTION	HOW WE'RE RESPONDING
Financial inequality.	As a financial service there is an expectation that we play a key role in eliminating financial inequality, through products, services and building financial capability.	<ul style="list-style-type: none"> - Financial education (Managing Your Money) - New Start initiative to ensure that when prisoners are released they have a valid ID, a bank account, a debit card, and can access online banking - Middlemore Foundation partnership - Dedicated extra care team for vulnerable customers.
Mental Health.	With 1 in 5 people living with mental illness in Aotearoa, we are helping Kiwis (employees and wider community) take care and build their mental wellbeing.	<ul style="list-style-type: none"> - Westpac ambassador Sir John Kirwan sessions on mental health - Mentemia app partner - Benestar wellbeing - Wellbeing at Westpac support for employees podcast.
Future of work.	Digitisation offers opportunities to improve efficiency and deliver new and better customer and employee experiences when, how and where customers choose to engage with us.	<ul style="list-style-type: none"> - Digitised service delivery (Open banking, FinTech, social media) – incl. COVID-19 impacts. - Digital market and product innovation (big data, artificial intelligence) - Flexible working (Leave Loudly) - Aotearoa Skills Pledge.
Our direct environmental footprint.	As a services company with majority of our carbon emissions being produced by our operations, it is our responsibility to ensure we are measuring and reducing our carbon emissions, alongside managing material use.	<ul style="list-style-type: none"> - Paris Agreement alignment for Scope 1, 2 and 3 mandatory operational emissions (science-based target) - Toitū carbonzero certified - Redirecting redundant furniture and materials through All Heart NZ - Reducing air travel and transitioning vehicle fleet to electric or plug-in hybrids.
Supply chain management.	As a large procurer, we recognise the opportunity our supply chain has to support and grow our local communities and influence social and environmental outcomes.	<ul style="list-style-type: none"> - Responsible Sourcing Code of Conduct - Working with suppliers to achieve mutual sustainable outcomes - Living Wage accredited.
Diversity and inclusion.	We recognise to achieve best customer outcomes we must have workplace diversity and inclusiveness that reflects Aotearoa.	<ul style="list-style-type: none"> - Women in leadership - Diversity Council governing employee action groups (gender equality [champions for change], accessibility [accessibility tick], cultural [te kākano], generational, rainbow [rainbow tick]) - Supplier inclusion and diversity principles - Migrant banking.
Ageing population.	To ensure we are helping our customers to the fullest, it is vital to understand and provide solutions for changing needs of a rapidly ageing population.	<ul style="list-style-type: none"> - Dementia friendly banking - Supporting digital inclusion through Senior Net - Westpac Massey Financial Education Centre's annual retirement guidelines.
Other environmental issues.	Aotearoa's wellbeing relies on the health of our natural environment. As a lender to the agricultural sector, we have an interest and a responsibility towards biodiversity health and water quality.	<ul style="list-style-type: none"> - Purchasing permanent native forestry carbon credits - Multiple waste streams to divert waste from landfill - Avoidance, reuse and recycling of plastic (including soft plastics).

