

WESTPAC 2023

# CLIMATE CHANGE POSITION STATEMENT AND ACTION PLAN



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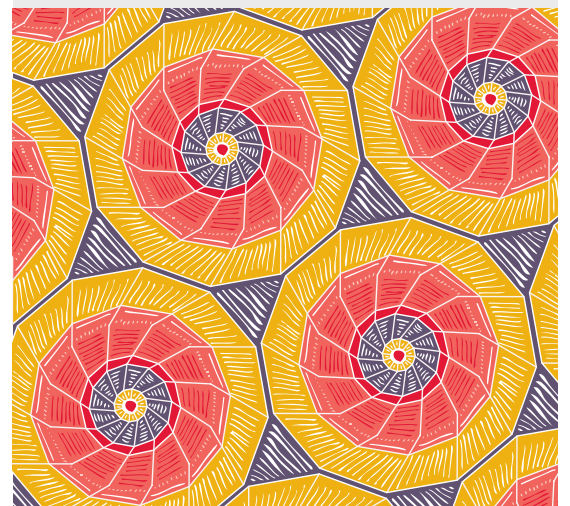
### Acknowledgment of Indigenous Peoples

Westpac acknowledges the First Peoples of Australia and recognises their ongoing role as Traditional Owners of the land and waters of this country, and we pay respect to Elders past and present. We extend that respect to Westpac's Aboriginal and Torres Strait Islander employees, partners and stakeholders, and to the Indigenous Peoples in the other locations where we operate.

In Aotearoa (New Zealand) we have a relationship with tāngata whenua under Te Tiriti o Waitangi. This unique relationship supports all New Zealanders to work together for climate solutions as we are all partners and custodians of this land.

In this document a reference to 'Westpac', 'we', and 'our' is to Westpac Banking Corporation ABN 33 007 457 141 and its consolidated subsidiaries. Unless otherwise stated, this Position Statement applies globally, incorporating all Westpac Group brands, including Westpac, St. George, BankSA, Bank of Melbourne, RAMS, Westpac Institutional Bank and Westpac New Zealand (WNZL) Institutional and Business bank. Unless otherwise stated, it covers locations across Australia, New Zealand, Asia, the United Kingdom, Germany and the United States. Unless otherwise stated, all dollar amounts are in Australian Dollars.

Any representations made in this document as to future actions by the Westpac Group, including without limitation climate change, sustainability and net-zero related forward-looking statements, targets, commitments, estimates, assumptions and metrics, are predictive in character. Whilst every effort has been made to ensure that the assumptions on which the relevant statement is based are reasonable, these statements and the implementation process and/or outcome(s) may be affected or impacted by incorrect assumptions and/or by known or unknown risks, uncertainties or events beyond the control of the Westpac Group. As a result, the ultimate outcome(s) may differ from the action(s) described in this Position Statement. Please refer to the full disclaimer at the back of this Position Statement.



# OUR AMBITION TO BECOME A NET-ZERO, CLIMATE RESILIENT BANK

OUR ACTION AREAS	KEY TARGETS AND OBJECTIVES <sup>1</sup>
 <p><b>Net-zero, climate resilient operations</b></p>	<ul style="list-style-type: none"> <li>– Scope 1 and 2 absolute emissions reduction target of 64% by 2025 and 76% by 2030 from a 2021 baseline                             <ul style="list-style-type: none"> <li>• Source the equivalent of 100% global electricity demand from renewable sources by 2025</li> <li>• Transition our Australian and New Zealand fleet vehicles to 100% electric or plug-in hybrids by 2030</li> </ul> </li> <li>– Scope 3 upstream absolute emissions reduction target of 50% by 2030 from a 2021 baseline</li> <li>– Develop our approach to assessing and managing physical climate risk to our operational sites</li> </ul>
 <p><b>Supporting customers' transition to net-zero and to build their climate resilience</b></p>	<ul style="list-style-type: none"> <li>– Align our lending portfolio with net-zero by 2050 consistent with a 1.5°C<sup>2</sup> pathway in line with our Net-Zero Banking Alliance (NZBA) commitment</li> <li>– NZBA 2030 sector lending targets in carbon intensive sectors, as detailed in the NZBA Guidelines (NZBA priority sectors). For further information refer to our <a href="#">Action Plan</a></li> <li>– Provide \$55bn of lending and \$40bn of bond facilitation activities by 2030 that are aligned with our Sustainable Finance Framework</li> <li>– Seek to help customers understand and better respond to the impacts of climate change to support adaptation and resilience</li> </ul>
 <p><b>Collaborate for impact on initiatives towards net-zero and climate resilience</b></p>	<ul style="list-style-type: none"> <li>– Contribute to government and industry initiatives and engage on matters of climate policy</li> </ul>

<sup>1</sup> For details on our key targets and objectives refer to our [Action Plan](#).

<sup>2</sup> A pathway to net-zero by mid-century, or sooner, including CO<sub>2</sub> emissions reaching net-zero at the latest by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.

Climate change is a significant issue which is already impacting our business, customers and community. We seek to play our part in addressing these impacts, through our ambition to become a net-zero, climate resilient bank.

Our climate strategy is structured along three action areas that focus on our own operations, supporting customers and advocating for positive change.

We aim to deliver on our strategy through the actions and initiatives set out in our Action Plan. Unless specified, we aim to implement the actions in our Action Plan by 30 September 2025. Other targets refer to Westpac Group's financial year, e.g. 2030 targets to be achieved by 30 September 2030.

ROADMAP			
2022	2023	2024-2025	2026-2030 ▶
Update operational targets	Work towards meeting 2025 operational targets		Work towards meeting 2030 operational targets
	Perform review of scope 3 upstream emissions reporting		Aim to set emissions reduction target for construction and refurbishment work by 2026
Set NZBA 2030 sector lending targets in first five NZBA priority sectors	Set NZBA 2030 sector lending targets in additional three NZBA priority sectors	Set NZBA 2030 sector lending target in remaining NZBA priority sector	Work towards meeting NZBA 2030 sector lending targets. Review target setting in line with NZBA requirements, where data and methodologies allow
Develop new positions for upstream oil and gas, thermal coal mining and power generation	Update positions. Develop new position for metallurgical coal mining	Monitor evolving guidance on facilitated emissions and carbon offsets and review our approaches accordingly	
	Pilot net-zero transition plan assessment framework for institutional customers	Commence implementation of net-zero transition plan assessment framework for institutional and business customers as appropriate	Continue to engage and support customers in their transition
Publish discussion paper on Sustainable Finance Taxonomy	Publish Sustainable Finance Framework and set Sustainable Finance Targets for lending and bond facilitation	Work towards meeting 2030 Sustainable Finance Targets	
Join NZBA	Continue participating in key industry initiatives		

# OUR CLIMATE CHANGE POSITION STATEMENT AND ACTION PLAN

Our Climate Change Position Statement (Position Statement) sets out our positions on key climate change risks and opportunities for our business, customers and community.

It provides the framework within which we seek to conduct business, support customers and engage with stakeholders. It outlines the actions that drive our focus and guide our people as we seek to become a net-zero, climate resilient bank.

Our Position Statement is supported by our Climate Change Action Plan (Action Plan), which outlines the actions we are taking to deliver on our ambition and commitments. It includes our transition plans, in line with our commitment to the Net-Zero Banking Alliance (NZBA).

We will review our Position Statement and Action Plan annually so they remain relevant as climate science advances, requirements and opportunities for transition and resilience evolve, and guidance and policy develops.

Our Position Statement is supplemented by a suite of position statements for sensitive sectors and related sustainability issues. For example:

- **Natural Capital** - We recognise the interplay between climate change and natural capital risks, and that their mitigation requires a comprehensive approach that balances both nature and climate issues. Westpac's **Natural Capital Position Statement** sets out our principles and ambitions to become a bank that supports nature positive outcomes. It includes the steps required to understand the key nature-related risks and opportunities for our business, customers and the community.
- **Human Rights** - Climate change results in both risks and opportunities that impact employees, communities and customers. As part of our NZBA commitment we seek to consider and address impacts on people (both adverse and positive) associated with climate change and the transition to a net-zero economy. Our **Human Rights Position Statement and Action Plan** outlines our positions and action plan to support and advance human rights through a just and inclusive transition.

Our Position Statement and Action Plan are governed and managed in line with our sustainability governance and oversight structure. For further details, refer to the sustainability governance and risk management section of our **Annual Report**. We will also report progress against our Action Plan as part of our annual climate-related disclosures.

# OUR PRINCIPLES



## A SCIENCE-BASED TRANSITION TO A NET-ZERO EMISSIONS ECONOMY IS REQUIRED BY 2050

We support the scientific evidence on human-induced global warming produced by the Intergovernmental Panel on Climate Change. We believe in the need to limit global warming to 1.5°C above pre-industrial levels by 2100, which is achievable only if the economy transitions to net-zero emissions by 2050.



## TRANSITION SHOULD BE TECHNOLOGY-DRIVEN, INCLUSIVE AND SAFEGUARD OUR NATURAL ENVIRONMENT

The transition to net-zero emissions should be well planned and consider other factors, such as human rights and safeguarding the natural environment. This requires increased adoption of renewable energy and clean technologies, enhancing bio-sequestration, reducing deforestation and addressing human rights impacts as part of the transition.



## ADDRESSING CLIMATE CHANGE SHOULD REDUCE RISKS AND CREATE OPPORTUNITIES FOR OUR BUSINESS AND CUSTOMERS

Westpac has long considered climate-related risk a financial risk. We believe managing the risks and leveraging the opportunities is good business, for customers and us. While investments are required across the economy to decarbonise, appropriate government policies that incentivise and support transition should lead to improved economic growth and resilience.



## OUR APPROACH SHOULD BE TRANSPARENT WITH THOROUGH DISCLOSURES

Accurate, timely and relevant information on climate-related risks and opportunities is key to assessing and managing the impacts of climate change. We aim to be transparent on our approach and how we support customers to manage climate-related risks and opportunities.



## COLLECTIVE ACTION IS VITAL

A net-zero economy depends on collective action and requires all stakeholders to play their part. This includes governments following through on their commitments to support transition while also meeting the objectives of the Paris Agreement. We believe in advocating for positive change and will continue to collaborate on initiatives that work towards net-zero and climate resilience.

# ACTION 1 – NET-ZERO AND CLIMATE RESILIENCE IN OUR OPERATIONS



We are committed to reducing the climate change impacts of our operations<sup>1</sup> aligned with a 1.5°C pathway. We continue to reduce emissions from our own operations towards net-zero by 2050 or sooner.

## Reducing our scope 1 and 2 emissions

Our target for operational scope 1 and 2 absolute emissions reduction is 64% by 2025 and 76% by 2030 relative to a 2021<sup>2</sup> baseline. To achieve these targets, we are working to reduce emissions across our property portfolio and are committed to sourcing the equivalent of 100% of our global electricity demand from renewable sources by 2025<sup>3</sup>. We also aim to transition our Australian and New Zealand fleet vehicles to 100% electric or plug-in hybrids by 2030<sup>4</sup>.

## Reducing our scope 3 upstream emissions

Our target for scope 3 absolute upstream emissions<sup>5</sup> reduction is 50% by 2030 relative to a 2021<sup>2</sup> baseline. We aim to work with key suppliers to help and encourage them to reduce their emissions, as well as to consider supplier climate strategies in our sourcing decisions.

## Offsetting our residual emissions

Our aim is to actively reduce our scope 1, 2 and scope 3 upstream emissions, recognising that for some emissions sources the speed at which we can reduce may be limited by technology availability, policy and economic viability. We seek to maintain certification for our Australian operations under the Australian Government's Climate Active Carbon Neutral Standard for Organisations<sup>6</sup>. For our New Zealand operations, we seek to maintain Toitū net carbonzero certification<sup>7</sup>. We purchase carbon credits to offset our residual scope 1, 2 and scope 3 upstream emissions as required to maintain our certifications. Further information on our certifications and related carbon credit purchases can be found on our [website](#).

## Build physical resilience into our business and operations

The physical risks of climate change have the potential to significantly affect our ability to operate and support customers. Significant natural disasters and changing climate patterns may disrupt our operations by impacting our people, systems, supply chain, infrastructure, and assets, including branches. We are improving our assessment of these risks and strengthening controls in areas such as business continuity and property leasing. We are working to monitor these risks and build our climate resilience through strategies, which include diversifying critical operations across geographic locations and assessing the operational resilience of our material suppliers.

1 Includes Westpac Group operations in Australia, New Zealand, United Kingdom, United States, Germany, China, Singapore, Fiji and Papua New Guinea.

2 2021 baselines for scope 1, 2 and scope 3 upstream emissions targets adjusted for COVID-19 pandemic and other impacts. Refer to the Sustainability Index and [Datasheet](#) for baselines and details of included emissions sources.

3 The challenges of developing local renewable energy infrastructure and the lack of renewable energy certificate markets in some of the international markets Westpac operates in are a recognised risk to this target. We are monitoring this risk and actively seeking to solve for these challenges as we work towards meeting our commitment.

4 May include hybrid or plug-in hybrid electric vehicles (PHEVs) where required to serve customers in locations where electric vehicle charging infrastructure is not widely available. Supply chain challenges and roll-out of charging infrastructure at a national scale are risks to this target at the time of setting. This target will be reviewed in 2025 to consider the status of these risks.

5 Scope 3 upstream emissions are detailed by source in our Sustainability Index and [Datasheet](#).

6 Prior to 2019, the Australian Government's Climate Active Carbon Neutral Standard for Organisations was known as National Carbon Offset Standard Carbon Neutral Program.

7 Prior to 2020, the Toitū net carbonzero certification was known as the Toitū carbonzero certification.



# ACTION 2 – SUPPORTING CUSTOMERS’ TRANSITION TO NET-ZERO AND TO BUILD THEIR CLIMATE RESILIENCE

## A. Supporting customers’ transition to net-zero

### Reduce our financed emissions

Having joined the NZBA, we are committed to aligning our lending portfolio with net-zero financed emissions by 2050, consistent with a 1.5°C pathway. In accordance with our commitment, we have set interim 2030 sector lending targets in some of the NZBA priority sectors. This includes addressing prioritised aspects of the fossil fuel value chain, i.e. oil and gas, thermal coal mining and power generation. We seek to continue developing targets to meet NZBA requirements where data and methodologies allow.

Further detail on our target setting, including assumptions and calculation approaches, can be found in the Appendix of our [climate-related disclosures](#).

Our targets and high-level plan to meet them are outlined in our [Action Plan](#). We continue to integrate and operationalise our targets into our processes and lending decisions.

## FACILITATED EMISSIONS

Our NZBA 2030 sector lending targets relate to the emissions associated with our lending (i.e. financed emissions). They do not cover emissions associated with transactions we facilitate (i.e. facilitated emissions), as there are currently no standard methodologies for measuring emissions associated with these activities or approaches for net-zero-aligned target setting. Transactions we facilitate include debt capital markets activities. This also includes underwriting, arranging and/or bookrunning for syndicated loans. These transactions are, however, subject to Westpac’s Sustainability Risk Management Framework, including assessment and escalation where required. We will review our position on facilitated emissions as guidance and methodologies mature.

## OUR APPROACH TO CARBON OFFSETS FOR OUR NZBA 2030 SECTOR LENDING TARGETS

We believe reducing emissions should be a priority action in achieving targets and the transition to net-zero. We recognise carbon offsets are likely to play a role to supplement decarbonisation in line with climate science-based scenarios. We do not intend to purchase carbon offsets to meet our NZBA 2030 sector lending targets. We understand that some customers are using or may use offsets to meet their decarbonisation targets and some of the data we use may also include customer offsets. Guidance around the quality and utilisation of carbon credits is a rapidly evolving area and we will review our approach to the use of carbon offsets in line with NZBA Guidance.

## ACTION 2

### Reduce our financed emissions (continued)

Our positions on oil and gas, coal mining and power generation sectors are summarised below. They operate alongside our NZBA 2030 sector lending targets.

#### Upstream oil and gas<sup>1</sup>:

- Subject to national energy security<sup>2</sup>:
  - we will not provide project finance or bond facilitation for the development of new (greenfield) or expansionary oil and gas fields, including new associated dedicated infrastructure<sup>3</sup>, unless in accordance with the International Energy Agency Net-Zero by 2050 scenario<sup>4</sup>.
  - we will continue to provide corporate lending and bond facilitation where the customer has a credible transition plan<sup>5</sup> in place by 30 September 2025.
  - we will work with customers to support their development of their credible transition plans.
- We will not provide project finance for oil and gas exploration in high-risk frontier basins, such as Arctic and Antarctic refuges or for oil sands development.
- We will not provide project finance for exploration of shale, offshore deep water or ultra-deep-water<sup>6</sup> oil and gas.

Over FY23, we engaged with upstream oil and gas customers to gain insight into their transition plans. While the sector is making progress in developing emissions reduction plans and achieving reductions to scope 1 and 2 emissions, we recognise there are challenges in establishing scope 3 reduction plans.

Through our engagement we deepened our understanding of how challenging it will be for the sector to establish 1.5°C-aligned transition plans covering scope 1, 2 and 3 by 30 September 2025. We will engage further to understand our customers' evolving decarbonisation strategies. Alongside this, we will also continue to monitor, assess and be guided by the latest science and government policy, while considering energy security and affordability.

#### Thermal coal mining<sup>7</sup>:

Given the significant emissions generated from thermal coal, we seek to eliminate our exposure to thermal coal mining and have set short- and medium-term commitments. As a first step, we are focusing on institutional customers with a significant portion (≥15%) of their revenue coming directly from thermal coal mining. Our NZBA 2030 sector lending target (refer to our [Action Plan](#) on page 11) applies a lower revenue threshold (>5%) which captures diversified companies with minor thermal coal interests.

- We will not provide any project financing to new, expansions or extensions of thermal coal mines.
- For institutional customers with ≥15%<sup>8</sup> of their revenue coming directly from thermal coal mining, we will:
  - effective immediately, not onboard new customers
  - effective immediately, not provide corporate lending or bond facilitation. This includes for new, expansions or extensions of life of existing thermal coal mines
  - have zero lending by 30 September 2025.

#### Metallurgical coal mining:

- We will continue to support the metallurgical coal sector as it remains critical for steel production at scale, which is required to support the transition to net-zero emissions.
- We will not provide project finance for new (greenfield) metallurgical coal projects.
- We will continue to explore opportunities to work with customers to support the development of alternative products and processes, where appropriate.

#### Power generation:

- We will not provide project finance to new (greenfield) coal-fired power generation facilities.
- We will consider the intersecting requirements of emissions reduction, the feasibility of emerging technologies, as well as energy affordability, security and reliability.

1 Includes exploration, extraction and drilling companies, all activities of integrated oil and gas companies (IOCs), tolling and stand-alone refineries and LNG producers. Does not include downstream retail and distribution, pipeline infrastructure, storage and transport, nor trading entities.

2 National energy security refers to circumstances where an Australian or New Zealand Government or regulator determines (or takes a formal public position) that additional supply is necessary for national energy security and Westpac's funding is able to support such additional supply.

3 New associated dedicated infrastructure means new gas collection, storage and processing infrastructure dedicated solely to greenfield or expansionary oil and gas extraction projects including floating production, storage and offloading (FPSO) vessels, gas processing plant and transmission pipelines.

4 The International Energy Agency Net-Zero by 2050 (2021) scenario specifies that no new (greenfield) oil and gas fields are needed beyond those projects that have already been committed (i.e. approved for development) as of 18 May 2021.

5 A credible transition plan should be developed by reference to the best available science and should include scope 1, 2 and 3 emissions and actions the company will take to achieve greenhouse gas reductions aligned with pathways to net-zero by 2050, or sooner, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.

6 Deep water refers to water depths of greater than 1,000 ft (300m) but less than 5,000 ft (1,500m). Ultra-deep-water refers to water depths of greater than 5,000 ft (1,500m).

7 Covers production and sale of thermal coal, with adjacent sectors (including mining service providers) excluded. Transactional banking and rehabilitation bonds are excluded.

8 Annually, we calculate revenue percentage by assessing customers' full-year audited financial reports, based on a rolling average of the prior three years of revenues.

## CARBON TRADING

Through our **Carbon Trading Desk**, we facilitate the purchase and sale of accredited<sup>1</sup> offsets. We seek to:

- support customers with their decarbonisation plans by facilitating access to the Renewable Energy Certificates market in Australia and carbon markets both in Australia (e.g. Australian Carbon Credit Units) and New Zealand (New Zealand Units)
- help Emissions Trading Scheme (ETS) participants trade in the New Zealand ETS (NZ ETS)
- develop capabilities to support producers of carbon credits by providing them with capital and risk management solutions.

To support and guide our approach to our Carbon Trading Desk we seek to proactively engage with our customers while participating in industry working groups to help shape the future of carbon markets. We are also a member of the Carbon Market Institute.

<sup>1</sup> Accredited offsets refer to carbon offset credits that have been verified by a recognised independent party under international standards as appropriate at the time of creation of the offset. Westpac does not provide accreditation services, nor does it engage in the accreditation process.

### Become the transition partner of choice

As a bank, one of the most significant roles we can play in the transition to a net-zero economy is to support customers in their transition and to mobilise capital.

For institutional customers we seek to:

- build our capability and evolve our products and services to better meet their emerging needs
- where applicable, support their transition by providing guidance on climate strategy and in the development of transition plans
- offer a suite of finance solutions and products to help them meet their sustainability goals, including changing business models, investments in emissions reduction, low/zero carbon technologies, sustainable finance and infrastructure.

We have developed a pilot net-zero transition plan framework for assessing and engaging with institutional customers. This has been informed by a range of local and international sources, such as Climate Action 100+ and the Transition Pathway Initiative. We will continue to evolve our framework as standards evolve and further engage with our customers. We aim to continue to apply a framework across key customers in carbon intensive sectors in FY24. For more detail, refer to our annual climate-related disclosures.

We also see opportunities to further support commercial, small and medium businesses and consumers in their transition to net-zero. This includes engaging with businesses and consumers, and providing access to products and services that support customers to reduce their environmental footprint and transition to a low carbon economy.

As we work towards becoming the transition partner of choice, we seek to increase our sustainable finance offering. By 2030, our targets are to provide \$55bn of lending and \$40bn of bond facilitation activities that are aligned with our Sustainable Finance Framework. For further information refer to the **Westpac Sustainable Finance Framework** available on our website.

## B. Help build climate resilience

### Help our customers and communities build resilience to the physical impacts of climate change

#### Institutional and business customers

Climate change physical risks can impact the value of assets and projects we finance for customers. Climate change can also impact customer operations and supply and distribution chains. Customers' adaptation plans become increasingly important to reduce their vulnerability to physical impacts of climate change. We seek to support customers as they develop adaptation measures to build climate resilience. This also enables surrounding industries and communities to become more resilient. We seek to understand where physical risks will have a material impact across our institutional and business banking portfolio.

We support customers, including small business customers, to get back on their feet after experiencing a natural disaster event by providing access to relief packages, giving customers payment relief and time to start the repair and rebuild. In New Zealand, our Adverse Natural Events Policy provides a comprehensive range of financial assistance measures to customers impacted by natural disasters.

Agribusiness plays a fundamental role in providing food and other essential goods, driving economic prosperity and supporting livelihoods and communities. Climate change physical risks are increasingly material to agribusinesses. We recognise the ability to adapt to a changing climate is vital, not just for agribusiness customers, but for society as a whole. We seek to help customers respond to physical risks of climate change by:

- providing access to products and services that support climate adaptation and resilience
- engaging with them to support their insights on climate adaptation measures and practices
- supporting customers affected by drought and natural disasters.

#### Consumer banking

As a major residential mortgage lender, we have a role to play in helping customers understand and respond to the impacts of climate change. In delivering products and services for customers, we seek to provide customers with information to understand and prepare for the impacts of natural disasters on their homes and communities. We also support customers as they recover after a natural disaster event through access to hardship assistance and disaster relief packages to customers and communities affected.

We monitor our physical risks and seek to understand our risk exposure and vulnerability across our residential mortgages portfolio.

# ACTION 3 – COLLABORATE FOR IMPACT ON INITIATIVES TOWARDS NET-ZERO AND CLIMATE RESILIENCE

## **Addressing climate change requires collective action and collaboration.**

We recognise the important role we can play by supporting and participating in international, national and industry-based initiatives to progress collective action on climate change.

For example, we are a founding member of the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking and have committed to the NZBA. Further details on our participation in industry groups can be found in our annual climate-related disclosures.

We also understand that governmental policy response to climate change will influence the speed of transition and climate change adaptation. We seek to engage with government, industry and business associations. We aim to identify and collaborate with industry groups on initiatives that align with our principles and ambition to become a net-zero, climate resilient bank. We continue to review our membership of industry associations and their advocacy activity with regards to climate change in line with our Industry Association Principles<sup>1</sup>.

Westpac's position on climate change policies comprises three pillars.

1. Policies need to be aligned with the temperature goals of the Paris Agreement, be capable of achieving the Nationally Determined Contributions that represent each country's committed global emissions reduction targets in the short and medium term, and give consideration to the long-term target of reducing emissions to net-zero by 2050 without relying on carry-over credits from the Kyoto Protocol.
2. Policies should:
  - deliver a clear framework to support the development and deployment of low-emissions technology by providing certainty over a timeline sufficient to match investment horizons which are often long-term
  - include strategies to increase resilience and promote adaptation for impacted communities, companies and sectors
  - incentivise increased transparency and support development and adoption of reporting frameworks to improve reliability, relevance and measurability of climate-related disclosures.
3. A broad market-based price on carbon is the most effective, affordable, flexible and equitable means of achieving emissions reductions across the economy.

<sup>1</sup> Our Industry Association Principles can be found on our [website](#).

# OUR ACTION PLAN

Unless specified, we aim to implement the actions in our Action Plan by 30 September 2025. Other targets refer to Westpac Group's financial year, e.g. 2030 targets to be achieved by 30 September 2030.

Net-zero and climate resilience in our operations 	
<b>Reduce our operational emissions</b>	<ul style="list-style-type: none"> <li>– Scope 1 and 2 absolute emissions reduction target of 64% by 2025; and 76% by 2030 relative to a 2021 baseline<sup>1</sup></li> <li>– Scope 3 upstream absolute emissions reduction target of 50% by 2030 relative to a 2021 baseline<sup>1,2</sup></li> <li>– Deliver the second and third phase<sup>3</sup> of our renewables transition in line with our commitment to source the equivalent of 100% renewable electricity<sup>4</sup></li> <li>– Develop our employee benefits program to support our employees to reduce their home emissions. Target 80% of our employees to be sourcing renewable electricity for their homes by 2030</li> <li>– Transition our Australian and New Zealand fleet vehicles to 100% electric or plug-in hybrids by 2030<sup>5</sup></li> <li>– Pilot embodied carbon emission measurement for capital works with the aim to set a reduction target for construction and refurbishment work by 2026</li> <li>– Perform a review of our scope 3 upstream emissions reporting<sup>6</sup></li> <li>– Support key suppliers with their emissions reduction strategies and consider supplier climate strategies in key sourcing decisions</li> </ul>
<b>Build climate resilience into our business and operations</b>	<ul style="list-style-type: none"> <li>– Develop our approach to assessing and managing physical climate risk to our direct operational sites and integrate into our operations</li> </ul>

1 2021 baselines for scope 1, 2 and scope 3 upstream targets adjusted for COVID-19 pandemic and other impacts. Refer to the Sustainability Index and [Datashet](#) for baselines and details of included emissions sources.

2 Scope 3 upstream emissions are detailed by source in our Sustainability Index and Datashet.

3 The second phase consists of a virtual power purchase agreement (i.e. generation exported to grid and distributed to sites through the national transmission and distribution network) with Flow Power to source renewable electricity from Ararat Wind Farm in Victoria and Berri Solar Farm + Battery in South Australia, that will complete the 100% renewables transition for Westpac Australia. The third phase aims to deliver the remainder of the transition to achieve the equivalent of 100% renewables supply for our global operations.

4 The challenges of developing local renewable energy infrastructure and the lack of renewable energy certificate markets in some of the international markets Westpac operates in are a recognised risk to this target. We are monitoring this risk and actively seeking to solve for these challenges as we work towards meeting our commitment.

5 May include hybrid or plug-in hybrid electric vehicles (PHEVs) where required to serve customers in locations where electric vehicle charging infrastructure is not widely available. Supply chain challenges and roll-out of charging infrastructure at a national scale are risks to this target at the time of setting. This target will be reviewed in 2025 to consider the status of these risks.

6 Our review is expected to result in an expansion of our scope 3 upstream emissions profile.

## OUR ACTION PLAN

### Supporting customers' transition to net-zero and to build their climate resilience



<b>Reduce our financed emissions</b>	<b>Oil and gas – Upstream oil and gas<sup>1</sup></b>	<p><b>Target:</b> 23% reduction of scope 1, 2 and 3 absolute financed emissions by 2030 from a 2021 baseline</p> <p><b>Key transition actions:</b></p> <ul style="list-style-type: none"> <li>– Apply our upstream oil and gas positions stated in our Position Statement</li> <li>– Guided by our ESG risk assessment, we will consider the impact of new transactions on our portfolio's financed emissions to ensure the portfolio remains aligned with our targets and commitments</li> <li>– Continue working with customers to support the development of their transition plans</li> </ul>
	<b>Coal – Thermal coal mining<sup>2</sup></b>	<p><b>Target:</b> Zero scope 1, 2 and 3 absolute financed emissions by 2030 to companies with &gt;5% of their revenue<sup>3</sup> coming directly from thermal coal mining</p> <p><b>Key transition actions:</b></p> <ul style="list-style-type: none"> <li>– Apply our thermal coal mining positions stated in our Position Statement</li> <li>– Continue to manage our portfolio by reducing our lending exposure to zero by the end of 2030</li> </ul>
	<b>Power generation</b>	<p><b>Target:</b> 0.10 tCO<sub>2</sub>-e/MWh for scope 1 and 2<sup>4</sup> by 2030</p> <p><b>Key transition actions:</b></p> <ul style="list-style-type: none"> <li>– Apply our power generation positions stated in our Position Statement</li> <li>– Grow our renewable financing consistent with Westpac's Sustainable Finance Framework</li> <li>– Engage with customers as they develop their emissions reduction plans</li> </ul>
	<b>Cement production</b>	<p><b>Target:</b> 0.57 tCO<sub>2</sub>-e/tonne of cement for scope 1 and 2 by 2030<sup>5</sup></p> <p><b>Key transition actions:</b></p> <ul style="list-style-type: none"> <li>– Engage with the sector on opportunities for emission reductions and development of new technologies</li> <li>– Engage with customers as they develop their emissions reduction plans</li> </ul>
	<b>Iron and steel – Steel production</b>	<p><b>Target:</b> 1.42 tCO<sub>2</sub>-e/tonne of steel for scope 1 and 2 by 2030</p> <p><b>Key transition actions:</b></p> <ul style="list-style-type: none"> <li>– Provide financing for transition activities and technologies, including projects that will support customers reduce their emissions intensity</li> <li>– Engage with customers as they develop their emissions reduction plans</li> </ul>

1 Includes exploration, extraction and drilling companies, all activities of integrated oil and gas companies (IOCs), tolling and stand-alone refineries and LNG producers. Does not include downstream retail and distribution, pipeline infrastructure, storage and transport, nor trading entities.

2 Covers production and sale of thermal coal, with adjacent sectors (including mining service providers) excluded. Transactional banking and rehabilitation bonds are excluded.

3 Annually, we calculate the revenue percentage by assessing customers' full-year audited financial reports, based on a rolling average of the prior three years of revenues.

4 Refers to scope 1 and 2 emissions of power generators, i.e. customers with >10% revenue coming from power generation or >5% revenues from thermal coal electricity generation. In Australia, this applies to customers under ANZSIC (1993) code 3610 with National Greenhouse and Energy Reporting Scheme designated generation facilities and have >10% revenue coming from power generation.

5 This target covers customers that produce clinker in-house. The target has been set for customers' scope 1 and 2 emissions in relation to the production of cement. It covers emissions generated from calcination in clinker production as well as fuel combustion and electricity consumption associated with the cement production process.

## Supporting customers' transition to net-zero and to build their climate resilience (continued)



### Reduce our financed emissions

#### Transport - Aviation (passenger aircraft operators<sup>1</sup>)

**Target:** 76.4 gCO<sub>2</sub>-e/passenger km for scope 1 by 2030<sup>2</sup>

#### Key transition actions:

- Provide financing for activities and technologies that support customers to reduce their emissions, for example Sustainable Aviation Fuels procurement or development
- Manage our portfolio and seek to onboard new customers, prioritising companies with stronger decarbonisation commitments
- Engage with customers as they develop their emissions reduction plans, focusing our engagement on opportunities for fuel efficiency and key technologies

#### Agriculture (Australia)<sup>3</sup>

#### Targets:

**Dairy:** 10% reduction in scope 1 land management<sup>4</sup> emissions intensity (tCO<sub>2</sub>-e/tonne of FPCM<sup>5</sup>) by 2030 from a 2021 baseline

**Beef and sheep:** 9% reduction in scope 1 land management emissions intensity (tCO<sub>2</sub>-e/tonne of FW<sup>6</sup>) by 2030 from a 2021 baseline

As part of our Agriculture targets, we are committed to no deforestation, which provides for no further conversion of natural forest<sup>7</sup> to agricultural land use within farm systems from 31 December 2025 for customers in scope of the targets

#### Key transition actions:

- Engage with industry groups and representatives to identify collaboration opportunities such as support and investment in emissions reduction technology and data capture
- Engage with customers on opportunities for emissions reductions and efficiency, as well as our commitment to no deforestation

- Covers customers that operate scheduled air transport for passengers, including freight operations undertaken by passenger airline operators. We have excluded any freight only operators, rotary wing aircraft, non-scheduled aircraft operations and aircraft lessors.
- Passenger kilometres (pkm) is a measure of activity for passenger airline operators.
- Applies to institutional and commercial relationship-managed Agribusiness customers with Total Committed Exposures (TCE) ≥ \$1.5m who are captured by dairy, beef, sheep and mixed farming ANZSIC codes.
- Land management emissions refers to operational emissions resulting from how land is managed rather than emissions resulting from land-use change. Land management emissions arise from processes such as enteric fermentation, biomass burning and fertiliser use.
- Fat protein corrected milk (FPCM) is a commonly used measure of dairy farm outputs. FPCM is milk corrected for its fat and protein content to a regional standard. In the Science Based Target initiative Forest, Land and Agriculture Guidance (SBTi FLAG), reference scenario we used for setting Agriculture targets, dairy production is expressed in tonnes of FPCM.
- In the SBTi FLAG tool interface animal commodities are expressed in tonnes of fresh weight (FW) of carcass where carcass is defined as animal meat, fresh, chilled or frozen, with bone.
- A forest that is a natural ecosystem, possessing many or most of the characteristics of a forest native to the given site, including species composition, structure, and ecological function. Natural forests include: (i) Primary forest that have been subject to major human impacts in recent history. (ii) Regenerated forest that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations, or intensive logging) but where the main causes of impact have ceased or greatly diminished and the ecosystem has attained structure, function and composition of a natural forest. (iii) Managed natural forests where much of the ecosystem's composition, structure, and ecological function exist in the presence of activities such as harvesting of timber or small-scale cultivation. (iv) Forests that have been partially degraded by anthropogenic or natural causes (e.g. harvesting, fire, climate change, invasive species, or others) but where the land has not been converted to another use and where degradation does not result in the sustained reduction of tree cover below the thresholds that define a forest or loss in structure, function or composition. The categories "natural forest" and "tree plantation" are mutually exclusive, though in some cases the distinction may be nuanced. Source: Accountability Framework Initiative. The Accountability Framework Core Principles (2023).

## OUR ACTION PLAN

### Supporting customers' transition to net-zero and to build their climate resilience (continued)



Reduce our financed emissions	<b>Agriculture (New Zealand)<sup>1</sup></b>	<p><b>Targets:</b></p> <p><b>Dairy:</b> 10% reduction in scope 1 land management emissions intensity (tCO<sub>2</sub>-e/tonne of FPCM) by 2030 from a 2021 baseline</p> <p><b>Beef and sheep:</b> 9% reduction in scope 1 land management emissions intensity (tCO<sub>2</sub>-e/tonne of FW) by 2030 from a 2021 baseline</p> <p>As part of our Agriculture targets, we are committed to no deforestation, which provides for no further conversion of natural forest to agricultural land use within farm systems from 31 December 2025 for customers in scope of the targets</p> <p><b>Key transition actions:</b></p> <ul style="list-style-type: none"> <li>— Engage with key industry groups and public sector on sector-specific climate change legislation</li> <li>— Leverage WNZL's Sustainable Farm Loan to provide financing for emissions reduction practices in dairy, beef and sheep farming</li> <li>— Engage with customers with &gt; NZ\$1m of TCE on opportunities for emissions reductions and efficiency</li> </ul>
	<b>Commercial Real Estate (Offices)</b>	<p><b>Target:</b> 59% reduction in scope 1 and 2<sup>2</sup> emissions intensity (kgCO<sub>2</sub>-e/m<sup>2</sup> net lettable area<sup>3</sup>) by 2030 from a 2022 baseline for Australian and New Zealand offices<sup>4</sup></p> <p><b>Key transition actions:</b></p> <ul style="list-style-type: none"> <li>— Provide finance for renewable energy or energy efficiency projects implemented by customers which are consistent with Westpac's Sustainable Finance Framework</li> <li>— Engage with customers as they develop their emissions reduction plans</li> </ul>
	<b>Residential Real Estate (Australia)<sup>5</sup></b>	<p><b>Target:</b> 56% reduction in scope 1 and 2<sup>6</sup> emissions intensity (kgCO<sub>2</sub>-e/m<sup>2</sup>) by 2030 from a 2022 baseline</p> <p><b>Key transition actions:</b></p> <ul style="list-style-type: none"> <li>— Develop a product proposition to support customers improve the energy efficiency of their homes</li> <li>— Continue to provide consumer finance for renewable energy initiatives in homes</li> <li>— Engage with industry and government to identify further opportunities for developing products and services to support customer decarbonisation, such as electrification of heating and cooking appliances</li> </ul>

1 Applies to relationship-managed Agribusiness customers with TCE ≥NZ\$1m who are captured by dairy and sheep and beef farming ANZSIC codes.

2 Base building operational scope 1 and 2 emissions. Target excludes all scope 3 emissions (e.g. tenant emissions from electricity and appliance use, construction, embodied emissions and corporate activities).

3 Floor space is defined as net-lettable area (NLA). In Australia, the standard used for determining the NLA is set out in the Property Council of Australia (PCA) March 1997 Method of Measurement. In New Zealand, this is Rentable Area as set out in The Guide for the Measurement of Rentable Areas NZ.

4 Our target applies to facilities that are assigned office related ANZSIC codes, and with a TCE greater than or equal to \$5m for Australian facilities or NZ\$5m for New Zealand facilities. This excludes exposures associated with site finance and construction of commercial real estate assets. Exposures associated with site finance and construction of offices.

5 Excludes mortgages on vacant land as well as construction and renovation loans given there are no in-use operational emissions associated with these.

6 Scope 1 and 2 emissions refer to in-use operational emissions from energy associated with the operation of the building, consisting of purchased electricity and natural gas consumption.



## Supporting customers' transition to net-zero and to build their climate resilience (continued)



<b>Reduce our financed emissions</b>	<ul style="list-style-type: none"> <li>– Develop and commence implementation of a framework to assess, engage, measure and/or monitor transition plans of institutional and business customers as appropriate, prioritising sectors covered by our NZBA 2030 sector lending targets</li> <li>– Develop NZBA 2030 sector lending targets in other NZBA priority sectors by July 2025, prioritising high-emissions intensive activities where data and methodologies allow</li> <li>– Monitor and understand the applicability of methodologies for measuring and setting targets for facilitated emissions within 12 months of industry standards bodies e.g. PCAF releasing finalised accounting standards for capital market instruments</li> </ul>	
<b>Become the transition partner of choice</b>	<ul style="list-style-type: none"> <li>– Develop and provide financial products and services to support adoption of net-zero enabling technologies and transition opportunities for customers</li> <li>– Develop Westpac's Sustainable Finance Framework and announce new sustainable finance targets in FY23               <ul style="list-style-type: none"> <li>• Provide \$55bn of lending and \$40bn of bond facilitation activities by 2030 that are aligned with our Sustainable Finance Framework<sup>1</sup></li> </ul> </li> <li>– Expand our carbon trading services, by:               <ul style="list-style-type: none"> <li>• building our domestic distribution network</li> <li>• providing customers with access to a broader range of offsets including accredited offshore credit units</li> </ul> </li> <li>– Engage with customers, where relevant, to understand how they will manage just transition risks</li> <li>– Develop an integrated digital approach to support consumer banking customers access suite of transition products</li> </ul>	
<b>Help our customers and communities build resilience to the physical impacts of climate change</b>	<b>Institutional and business customers</b>	<ul style="list-style-type: none"> <li>– Identify material risk sectors in our portfolio to build our understanding of customer climate vulnerability and adaptation opportunities</li> <li>– Work with agribusiness customers to identify opportunities for climate adaptation</li> </ul>
	<b>Consumer banking</b>	<ul style="list-style-type: none"> <li>– Develop strategic approach to supporting customers in locations more likely to be impacted by physical risk</li> <li>– Develop products and services that support climate resilience home improvements, and provide insights to increase awareness of physical risk impacts</li> </ul>

<sup>1</sup> For further detail refer to the [Westpac Sustainable Finance Framework](#) available on our website.

## OUR ACTION PLAN

Collaborate for impact on initiatives towards net-zero and climate resilience	
<b>Collaborate with stakeholders</b>	<ul style="list-style-type: none"> <li>— Work with governments, industry organisations and/or community partners to improve outcomes to transition to net-zero and build climate resilience</li> </ul>
<b>Support our communities</b>	<ul style="list-style-type: none"> <li>— Provide information to the community on transition opportunities</li> <li>— Build our understanding of climate change physical impacts on communities to inform how we can better support communities</li> </ul>



Strengthening our approach to climate change	
<b>Manage climate related risks</b>	<ul style="list-style-type: none"> <li>— Continue to incorporate climate risk into risk management, finance and governance processes in line with APRA's Prudential Practice Guide CPG229 Climate Change Financial Risks, Taskforce on Climate Related Disclosures, New Zealand's mandatory climate risk disclosure regime developed by the External Reporting Board and other disclosure frameworks where applicable</li> </ul>
<b>Build our capabilities</b>	<ul style="list-style-type: none"> <li>— Continue to develop and implement training for our people on net-zero transition and climate resilience (including tools and processes) as relevant to their roles</li> <li>— Continue to build our data management and reporting capabilities to strengthen monitoring and progress reporting against our targets and actions</li> </ul>



## Disclaimer

The information in this document is general background information about the Group and its activities as at the date of this Position Statement. It is given in summary form and is therefore not necessarily complete. It is not intended that it be relied upon as advice to investors or potential investors, who should be seeking independent professional advice depending on their specific investment objectives, financial situation or particular needs. The material contained in this Position Statement may include information, including, without limitation, methodologies, modelling, scenarios, reports, benchmarks, standards, tools, metrics and data, derived from publicly available or government or industry sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

This document contains statements that constitute “forward-looking statements” within the meaning of Section 21E of the US Securities Exchange Act of 1934. Forward-looking statements are statements about matters that are not historical facts. Forward-looking statements and metrics appear in a number of places in this document and include statements regarding our current intent, belief or expectations with respect to our business and operations, macro and micro economic and market conditions, results of operations and financial condition, capital adequacy and risk management, including without limitation, climate change, net-zero, emissions intensity and other sustainability related statements, commitments and targets, projections, scenarios, risk and opportunity assessments, pathways, forecasts and metrics, forecasted economic indicators and performance metric outcomes, financial support to certain borrowers, indicative drivers, estimated emissions and other proxy data. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics and modelling on which these statements rely.

Forward-looking statements may also be made by members of Westpac’s management, directors, officers or employees (verbally or in writing) in connection with this document. Such statements are subject to the same limitations, uncertainties, assumptions and disclaimers in this document.

We use words such as ‘will’, ‘may’, ‘expect’, ‘indicative’, ‘intend’, ‘seek’, ‘would’, ‘should’, ‘could’, ‘continue’, ‘anticipate’, ‘believe’, ‘probability’, ‘risk’, ‘aim’, ‘target’, ‘plan’, ‘estimate’, ‘outlook’, ‘forecast’, ‘goal’, ‘guidance’, ‘ambition’, ‘assumption’, ‘projection’, or other similar words that convey the prospective nature of events or outcomes and generally indicate forward-looking statements.

These forward-looking statements reflect our current best estimates, judgements, assumptions and views as at the date of this document with respect to future events and are subject to change, certain known and unknown risks and uncertainties and assumptions and other factors which are, in many instances, beyond the control of Westpac, its officers, employees, agents and advisors, and have been made based upon management’s current expectations, understandings or beliefs concerning future developments and their potential effect upon us.

Although management currently believes these forward-looking statements have a reasonable basis, there can be no assurance that future developments or performance will be in accordance with our expectations or that the effect of future developments on us will be those anticipated. There is a risk that the best estimates, judgements, assumptions, views, models, scenarios, projections used may subsequently turn out to be incorrect.

Actual results, performance, conditions, circumstances or the ability to meet commitments and targets could differ materially from those we expect or are expressed or implied in such statements, depending on various factors, including without limitation significant uncertainties in climate change and sustainability related metrics and modelling as well as further development of methodologies, reporting or other standards which could impact metrics, data and targets (noting that climate and sustainability science, standards, methodologies and reporting are subject to rapid change and development).

There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. Factors that may impact on the forward-looking statements made include, but are not limited to, those described in this document and in the section titled ‘Risk factors’ in Westpac’s 2023 Annual Report available at [www.westpac.com.au](http://www.westpac.com.au). Investors should not place undue reliance on forward-looking statements and statements of expectation, including targets, particularly in light of the current economic climate and the significant global volatility.

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