

Financing the Defence Sector Position Statement

Purpose

This position statement outlines our approach to responsible provision of financial services to companies involved in the defence sector¹.

Background

Westpac recognises the sensitivities of providing financial services to the defence sector and significant issues related to controversial weapons - so-called due to their indiscriminate and disproportional humanitarian impact on civilian populations, often with effects that can be felt long after military conflicts have ended.

Scope

This policy applies to:

Business Units: All business units in all jurisdictions where Westpac operates.²

Customers: All customers regardless of the size or materiality of those activities relative to its operations.

Products: All finance activities including debt, financial markets, transactional services and other related financial services.

Our position

- Westpac may extend financial services to entities in the defence sector.
- Westpac will not provide financial services to entities involved in controversial weapons³.
- Westpac will not provide financial services to entities involved in nuclear weapons, except where they only contribute to government-controlled nuclear weapons programs in NATO countries that are authorised to possess nuclear weapons under the Nuclear Non-Proliferation Treaty.
- Westpac will neither finance nor facilitate the export or provision of defence equipment or services to any country that is subject to United Nations Security Council (UNSC) sanctions regimes or Australian autonomous sanctions regimes, or that is intended for end use in such a country.
- For its operations overseas, when initiating or processing transactions, Westpac adheres to the sanctions regimes in effect in those countries in addition to the requirements of the Australian sanctions regime.

¹ Customers involved in the defence sector are those that manufacture, distribute, sell, maintain or acquire defence equipment or services. Services to the defence sector may include technical assistance, training, financial and logistical support.

² Also refer to BT Financial Group's responsible investment position statement on controversial weapons www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-responsible-investment-position-statement.pdf page 4

³ Customers involved in controversial weapons are those that manufacture, distribute, sell, maintain or acquire controversial weapons. This includes components designed for specific use in, and forming a key constituent component required for the functioning of, controversial weapons. Controversial weapons are those weapons banned under international agreements ratified by Australia: cluster munitions (as defined in the Convention on Cluster Munitions: <http://www.clusterconvention.org/>); anti-personnel land mines (as defined in the international 'Mine Ban Treaty': http://www.un.org/Depts/mine/UNDocs/ban_trty.htm) and chemical and biological weapons (as defined in the Chemical and Biological and Toxic Weapons Conventions).

Our approach

Westpac will:

- undertake rigorous due diligence to ensure compliance with all relevant legislation, including the provisions of international treaties and protocols ratified by Australia when providing financial services to defence sector companies involved in non-controversial weapons; and
- seek to develop relationships with customers that:
 - Are committed to transparency in their governance structure and activities;
 - Do not violate human rights, in line with our own Human Rights Position Statement;
 - Engage constructively with stakeholders to address concerns; and
 - Responsibly manage sustainability risks associated more broadly with their business activities.

Escalation and Approval

Policy exceptions must be escalated to the divisional Chief Risk Officer and the Divisional Business Head for approval in line with the Approval and Escalation requirements in the ESG Credit Risk Policy. Depending on the materiality, further consultation may also be required.

Governance

This policy will be reviewed every two years for approval by the Head of Credit Policy, Credit Risk and the General Manager, Corporate Affairs and Sustainability. Where material amendments are proposed, Group Executive Team approval is also required.

Additional information

- Divisional ESG Credit Risk Policy and Guidance Notes as applicable.
- Relevant Framework documents including the Credit Risk Management Framework, Sustainability Risk Management Framework and the Reputation Risk Management Framework.