

Westpac Group Responsible Sourcing Code of Conduct

March 2017

Our Responsible Sourcing Code of Conduct

The Westpac Group is committed to sustainability in all business activities and aims to apply the highest sustainability standards. We believe that the actions of our suppliers are increasingly important factors in our sustainability performance. Accordingly, the Westpac Group seeks to conduct business with organisations who share our commitment to these standards and who operate in an ethical, socially and environmentally responsible manner.

This Responsible Sourcing Code of Conductⁱ seeks to align the Westpac Group commitments and approaches detailed in its [Principles for Doing Business](#), [Environment Policy](#), [Human Rights Position Statement](#), and Sustainability Risk and Reputation Risk Frameworks with its expectations for supplier conduct.

The purpose of the Responsible Sourcing Code of Conduct is to share the Westpac Group's principles and expectations of suppliers in relation to environmental, labour, social and governance issues and impacts from supplying products and services to us.

We recognise that many of our ethical, social and environmental impacts reside in our supply chainⁱⁱ. We also recognise that positive impacts can be achieved through purchasing more responsible products or services and working collaboratively with suppliers to positively influence mutual ethical, social and environmental performance.

Our commitments

The Westpac Group is a signatory to the United Nations Global Compactⁱⁱⁱ and supports the UN 'Protect, Respect, Remedy' framework. Our implementation of the framework is guided by the UN Guiding Principles on Business and Human Rights.

The Westpac Group is committed to respecting and supporting:

- [Universal Declaration on Human Rights](#)
- [United Nations Guiding Principles on Business and Human Rights](#)
- [United Nations Global Compact](#)
- [The International Covenant on Civil and Political Rights](#)
- [The International Covenant on Economic, Social and Cultural Rights](#)
- [The United Nations Convention on the Rights of the Child](#)
- [ILO Declaration on Fundamental Principles and Rights at Work](#)
- [ILO Tripartite Declaration Concerning Multinational Corporations and Social Policy](#)
- [OECD Guidelines for Multinational Enterprises](#).

The Responsible Sourcing Code of Conduct applies to all companies and organisations that provide products and/or services to the Westpac Group, including Westpac, St. George, BankSA, Bank of Melbourne and RAMS, BT Financial Group, and Westpac Institutional Bank. The Responsible Sourcing Code of Conduct applies globally, incorporating all Westpac Group locations and brands across Australia, New Zealand, the Pacific, Asia, the United Kingdom and the United States.

Our Principles

The Principles that we expect all Westpac Group suppliers to adhere to are described below:

- 1. Legal and regulatory compliance.** The Westpac Group expects suppliers to comply with all applicable local, regional, national and global laws and regulations and all relevant industry, product and service standards.
- 2. Knowledge of material impacts.** The Westpac Group recognises that understanding the nature and extent of an organisation's key impacts is critical to managing, mitigating and minimising those impacts. As such Westpac Group encourages its suppliers to identify its material sustainability issues and prioritise areas for focus of resources and effort.
- 3. Resourcing and scope.** The Westpac Group encourages suppliers to invest sufficient resources to deliver sustainability outcomes, and apply similar sustainability principles and approaches beyond its direct operations, to its suppliers, customers and investments.
- 4. Transparency and disclosure.** The Westpac Group recognises that measuring, disclosing and being accountable for organisational performance can be a catalyst for driving sustainable business practices. Westpac Group expects suppliers to share information and data relating to their material environmental, labour, social and governance impacts, targets and performance, through public reporting and their public website.
- 5. Management and governance.** The Westpac Group recognises that an effective corporate governance infrastructure is critical to the management and mitigation of sustainability impacts. Westpac Group expects suppliers to have policies, procedures, and management and monitoring systems in place to measure, manage and mitigate material environmental and social impacts.
- 6. Performance.** The Westpac Group recognises that having management and governance infrastructure in place has limited value if performance is not improving. Westpac Group expects suppliers to improve their performance over time on material environmental, social and governance impacts. This should include setting internal and/or public targets and commitments, measuring performance on a regular basis, and communicating performance against target to key stakeholders. Westpac Group encourages its suppliers' performance to be validated by credible and independent third parties.
- 7. Stakeholder engagement.** The Westpac Group expects its suppliers to communicate with, engage, consult and inform their key stakeholders, including customers, suppliers, employees, investors and government

Our Principles (continued)

8. Collaboration and partnership. The Westpac Group recognises that in many cases the complexity of sustainability issues means that they can only be mitigated through industry and cross-sector engagement, collaboration, and partnership. As such it encourages suppliers to join and actively participate in industry and multi-stakeholder initiatives, and collaborate with peers, suppliers, NGOs, and local, regional and national government on material sustainability issues.

9. Leadership. The Westpac Group encourages suppliers to take a leadership role on sustainability issues faced by it and by its industry sector. This could include initiating and leading on industry initiatives, driving sustainability innovation and/or publically advocating on sustainability issues to government, industry groups and peers.

10. Innovation. The Westpac Group encourages suppliers to identify opportunities or develop innovative solutions to material social and/or environmental challenges which may include the development of more sustainable products and services.

Minimising negative impact, maximising positive outcomes

The Westpac Group expects its suppliers to seek to understand, prioritise, manage and mitigate their material sustainability impacts to minimise negative impact, and maximise positive outcomes:

1. Impacts on people employed.^{iv} The Westpac Group expects its suppliers to respect human rights within its own operations and with its employed staff (incorporating permanent, indirect, contract, and dispatch workers) by ensuring workplace health and safety standards, maintaining fair wages and working conditions, permitting freedom of association, and avoiding discrimination and bullying. Forms of forced and compulsory labour and child labour^v should not be used. Suppliers should also seek to ensure that workplace diversity, accessibility and flexibility is actively encouraged.

2. Operational impacts on the environment. The Westpac Group expects its suppliers to minimise the environmental impacts associated with their products and services, and from their operational footprint, including offices, manufacturing and processing facilities, and transport and distribution. Impacts relating to greenhouse gas emissions, air quality, energy efficiency, water and wastewater, waste and hazardous materials, biodiversity impacts, lifecycle impacts of products and services, and packaging, where relevant, should be measured, monitored, managed and minimised. Suppliers are encouraged to source and supply credible third party certified products.

3. Impacts on communities. The Westpac Group expects its suppliers to manage its operations to minimise human rights impacts, including those relating to the communities it serves or is located in, and specifically indigenous communities. Suppliers should seek to build positive relationships and engagements with communities, which may include the provision of financial support and employment.

4. Impacts in supply chains.^{vi} The Westpac Group expects its suppliers to seek to minimise the impacts in their value chain, in particular environmental and human rights impacts, especially in relation to forced, bonded or involuntary labour, human trafficking and child labour. Suppliers should have a zero tolerance approach to bribery and corruption and have processes in place to increase the likelihood of bribery and corruption issues being reported, including anonymously. The Westpac Group encourages its suppliers to source products and services from suppliers who have traditionally been underrepresented, including indigenous-owned businesses, women-owned businesses, social enterprises, and other diverse supplier groups, including disability enterprises.^{vii}

5. Customer welfare. The Westpac Group expects its suppliers to seek to market and advertise products and services fairly, enhance customer welfare, protect customer privacy and ensure data security, and provide fair and equitable access to its products and services, including for disabled and indigenous people.

Responsibilities of suppliers

The Westpac Group expects its suppliers to commit to the principles, values and spirit of this Responsible Sourcing Code of Conduct, and adhere to these expectations within any contract agreed between itself and the Westpac Group. Suppliers will be required to comply with Westpac Group processes that seek to demonstrate or validate compliance, including responding fully and honestly in relation to any requests for information, providing reasonable access to relevant documentation and supplier premises, and acting promptly on issues identified by the Westpac Group.

Implementation of the Responsible Sourcing Code of Conduct

The Westpac Group may regularly assess suppliers against this Responsible Sourcing Code of Conduct. This assessment may incorporate screening, self-assessments, direct engagement with suppliers, requests for supporting documents and data, external validation, and ongoing management and mitigation of material risks.



ⁱ This Responsible Sourcing Code of Conduct replaces the former Sustainable Supply Chain Management (SSCM) Code of Conduct.

ⁱⁱ [As per the Westpac Group's Sustainability Risk Management Framework.](#)

ⁱⁱⁱ [See www.unglobalcompact.org](http://www.unglobalcompact.org) for further information.

^{iv} Unless otherwise stated all definitions are as set out in the [Universal Declaration of Human Rights](#).

^v Based on the International Labour Organisation's definition of child labour as 'work that deprives children of their childhood, their potential and their dignity. It is work that is mentally or physically dangerous and harmful to children, and interferes with schooling.'

^{vi} Unless otherwise stated all definitions are as set out in the [Universal Declaration of Human Rights](#).

^{vii} See the Westpac Group's [Supplier Inclusion & Diversity Policy](#).