

National Carbon Offset Standard Carbon Neutral Program Public Disclosure Summary



An Australian Government Initiative

1. Organisation and Product Information

Table 1: Organisation and Product Information

Organisation Name	Westpac Banking Corporation	
Name of the subject(s) of certification	Westpac Banking Corporation	
Type of certification (tick all applicable)	<input checked="" type="checkbox"/> Organisation <input type="checkbox"/> Product/service <input type="checkbox"/> Part of organisation <input type="checkbox"/> Event	
Reporting year period	From 1/07/2011	To 30/06/2012
Emissions in this reporting year	261,272.98t CO ₂ -e	
Base year period	From 1/07/2011	To 30/06/2012
Emissions in the base year	261,272.98t CO ₂ -e	

Westpac Group has a proud track record in sustainability, managing our environmental impacts for more than 20 years. Our commitment to certify our business Carbon Neutral in 2013 is the latest step on our longstanding commitment to manage our business sustainably.

Our track record in emissions management

Westpac Group has been measuring and publicly reporting on the emissions generated across the Group since 1996, when we became the first bank to participate in the Australian Government's Greenhouse Challenge program.

By 2008, we had reduced our emissions from electricity, paper and fleet by more than 40%.



Australian Government

Department of Industry, Innovation, Climate Change,
Science, Research and Tertiary Education

Since then, St.George joined the Westpac Group and we have sought to manage a wider range of emissions across the enlarged portfolio, and between 2008 and 2013 achieved further reductions of 9%.

So why go carbon neutral?

With such a strong track record we know that many of the easy options for further reductions are no longer available to us. We will still focus on reductions activities, and have a range of activities underway. This includes the consolidation of our corporate offices into more energy efficient buildings in Melbourne and Sydney, including the new Barangaroo precinct in Sydney. In addition we continue to embed energy efficiency requirements into our branch design guidelines, fleet contracts and travel policies and to focus on improving the design and operation of our data centres to offset increased customer demands for technological solutions.

But we know that the large scale reductions we saw early in the program are behind us. With a formal framework in place under the National Carbon Offset Standard, we believe the timing is right to apply a cost of carbon to our business to incentivize ongoing reductions.

What are we doing about our other impacts?

We know that as a financial institution only our most direct impacts are covered by becoming carbon neutral, that is the emissions of our own operations and selected suppliers. At the same time, we know that our lending and investment activities are a significant part of our environmental footprint.

We see carbon neutrality as only one part of our broader commitment to helping manage environmental challenges. As a financial institution, we believe we have a key role to play in helping our customers manage environmental impacts. We have in place a range of initiatives to manage these broader material impacts. These include:

- A commitment of up to \$6 billion in lending and investment for the CleanTech and environmental services sector by 2017;
- A commitment to deliver at least one retail product or service offering per year up to 2017, starting this year with energy efficiency education programs for Australian SMEs and product for New Zealand dairy farmers to make the most of solar power;
- Providing a tailored energy efficiency leasing product for institutional customers;
- Helping clients manage domestic and international carbon price impacts;
- Training more than 1,800 employees in carbon and climate related risk since 2010;
- Putting in place a robust Environmental, Social and Governance (ESG) credit risk policy for corporate and institutional lending in 2010;
- Consistently advocating for action on climate change for more than ten years; and
- Being a founding signatory to the Equator Principles more than a decade ago and more recently signing the third version of the principles which requires borrowers to more explicitly consider less emissions intensive options.

By undertaking these activities we are already in a position where more than half of our total energy financing is to the renewable energy sector, including hydro.

Our goal is to work with all our customers to develop practical products and solutions to support a transition to a low carbon operating environment.

Approach to buying offsets

The purchasing and retirement of carbon offset credits is undertaken by our Commodities, Carbon and Energy (CCE) trading team, within Westpac Institutional Bank, in line with our Carbon Offset Purchasing Guidelines.

In 2013, Westpac sourced carbon offsets certified under international compliance frameworks. We believe this delivers high quality, verified offset credits by accessing mechanisms put in place under the United Nations Framework Convention on Climate Change to facilitate emissions abatement in developing countries.

Carbon offsets purchased included a mixture of 'green' Certified Emission Reduction units (Green CERs) certified under the Clean Development Mechanism¹ and Emission Reduction Units (Green ERUs) certified under Joint Implementation².

Projects included:

- The Tianji Group N2O Abatement Project: a project in China to reduce N2O emissions produced at a fertilizer plant and emitted during the production of nitric acid. (Green CERs);
- The Liuzhou Chemical Industry Co., LTD N2O Abatement Project: a project in China to reduce N2O emissions in the tail gas of nitric acid production. (Green CERs);
- The Huayang Dier Line 1 N2O Abatement Project: a project in China to reduce N2O emissions produced and emitted during the production of nitric acid. (Green CERs);
- Wulashan Line 2 N2O Abatement Project: a project in Inner Mongolia to reduce N2O emissions produced at a fertilizer plant and emitted during the production of nitric acid. (Green CERs);
- Fuxin CMM/CBM Utilization Project in Liaoning Province: a project in China which destroys or utilizes coal mine methane predominantly in new power production which would otherwise have been released into the atmosphere. (Green CERs); and
- Reduction of Greenhouse Gas Emissions by Stabilization and Demolition of Ltd "Prominvest-ekolohiia" waste heaps: a project in Ukraine which reduces coal mine waste heaps in the Luhansk region reducing emissions and delivering significant environmental and health benefits for the surrounding area. (Green ERUs).

As Australian abatement projects emerge under frameworks such as the Carbon Farming Initiative (CFI), we will also look to purchase locally based credits to support the development of this market.

2. Description of Organisation Activities

Westpac Group has branches and controlled entities throughout Australia, New Zealand and the near Pacific region and maintains offices in key financial centres around the world including London, New York, Hong Kong and Singapore

¹ More detail on CDM projects can be found at:

<http://cdm.unfccc.int/Projects/projsearch.html>

² More detail on JI projects can be found at:

http://ji.unfccc.int/JI_Projects/ProjectInfo.html

As at 30 September 2012, the Westpac Group employed approximately 36,000 people (full time equivalent basis) in Australia, New Zealand and around the world, and had global assets of A\$675 billion.

Westpac is ranked in the top 5 listed companies by market capitalisation on the Australian Securities Exchange Limited (ASX). As at 30 September 2012, our market capitalisation was A\$76.5 billion.

For the twelve months to 30 September 2012, the Westpac Group's reported net profit after income tax was A\$5,970 million.

About 570,000 people and institutions in Australia and overseas are Westpac shareholders.

Westpac Group has 3 key customer facing divisions through which we serve nearly 12 million customers:

- Australian Financial Services (AFS) encompasses our retail and business banking operations in Australia and includes the businesses of Westpac Retail & Business Banking, St.George Banking Group and BT Financial Group. It also encompasses Banking Products and Risk Management;
- Westpac Institutional Bank delivers a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand; and
- Westpac New Zealand - one of New Zealand's largest banking organisations providing a full range of banking, wealth management and insurance products.

3. Organisational & Geographic Boundary/ Scope & system Boundary

Boundary consolidation approach:	Operational control
Description of the boundary of the subject of certification (also describe exclusions from the boundary):	Westpac Group's boundary for our Carbon Neutral program includes only Australian operations under our operational control (as defined in the National Greenhouse and Energy Reporting Act (2007)). This includes data centres and call centres.

4. Diagram of the Boundary of the Subject of Certification

Westpac Banking Corporation (ABN 33 007 457 141) includes the following trading names which are covered under this ABN:

1. Westpac ABN 33 007 457 141;
2. Westpac Corporate Finance ABN 33 007 457 141;
3. St.George Bank ABN 33 007 457 141;
4. Bank of Melbourne ABN 33 007 457 141;
5. BankSA ABN 33 007 457 141; and
6. Westpac Institutional Bank ABN 33 007 457 141.

The following corporations are related body corporate of the Westpac Banking Corporation (ABN 33 007 457 141).

- a) BT Financial Group Pty Limited ABN 38 087 480 331;
- b) RAMS Financial Group Pty Limited ABN 30 105 207 538;
- c) Westpac Properties Limited ABN 44 000 417 890;
- d) Westpac Leasing Nominees-Vic.- Pty. Limited ABN 58 008 575 997;
- e) Westpac General Insurance Services Limited ABN 63 005 274 368;
- f) BT Funds Management No. 2 Limited ABN 22 000 727 659;
- g) Westpac Financial Consultants Limited ABN 96 052 952 753;
- h) Advance Asset Management Limited ABN 98 002 538 329;
- i) St George Life Limited ABN 88 076 763 936;
- j) Asgard Wealth Solutions Limited ABN 28 009 143 597;
- k) Ascalon Capital Managers Limited ABN 14 093 660 523;
- l) BT Investment Management Limited ABN 28 126 385 822;
- m) Hastings Funds Management Limited ABN 27 058 693 388;
- n) Hastings Management Pty Limited ABN 88 101 976 336;
- o) Qvalent Pty Limited ABN 71 088 314 827;
- p) Westpac Equity Holdings Pty Ltd (ABN 77 003 018 559);
- q) Westpac Financial Services Group Ltd. (ABN 50 000 326 312); and
- r) Westpac Financial Services Ltd (ABN 20 000 241 127).

5. Purchase of GreenPower and Retirement of GreenPower Eligible Large-Scale Generation Certificates (LGCS)

Table 2: GreenPower

Type	Volume	Unit	t CO ₂ -e	Status
GreenPower	111,799.39	kWh	102.87	Purchased

Greenpower transmission and distribution losses	111,799.39	kWh	18.80	Purchased
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Table 3: LGCs Surrendered

Details of LGCs Voluntarily Surrendered	
Quantity	Serial No.
n/a	n/a

6. Purchase of NCOS Carbon Neutral Products

Table 4: Carbon Neutral Products

Product/service	Company	Quantity	Units	t CO ₂ -e (if known)
Paper	Staples	1,215.52 tonnes	472,966 reams	1,580.18 t CO ₂ -e
Total (if known)				1,580.18 t CO ₂ -e

7. Total Carbon Footprint

Table 5: Emission sources, scopes and quantities

Scope	Emission source	t CO ₂ -e ³
1	Diesel (Stationary) – Australia	900.38
1	Natural Gas (Stationary) - Australia	809.58
1	LPG (Stationary) - Australia	7.43

³ = Activity data x energy content factor (if applicable) x emission factor converted to tonnes CO₂-e

Scope	Emission source	t CO ₂ -e ³
1	R123 (Building Refrigerant) - Australia	11.10
1	R134a (Building Refrigerant) - Australia	416.87
1	R22 (Building Refrigerant) - Australia	900.73
1	R407C (Building Refrigerant) - Australia	102.87
1	R410A (Building Refrigerant) - Australia	83.29
1	Diesel (Transport, Post 2004 vehicles) - Australia	36.83
1	Unleaded Petrol (Gasoline, Post 2004 vehicles) - Australia	5,317.48
2	Electricity - Australia	170,499.57
3	Electricity transmission and distribution losses - Australia	29,824.20
3	Natural Gas transmission and distribution losses - Australia	207.13
3	Vehicle Fleet petrol extraction & distribution losses - Diesel (Transport, Post 2004 vehicles) - Australia	2.80
3	Vehicle Fleet petrol extraction & distribution losses - Unleaded Petrol (Gasoline, Post 2004 vehicles) - Australia	421.14
3	Paper - Australia	7863.00
3	Paper - Customer	8,042.29
3	Waste Disposal – Landfill - Australia	2,395.76
3	Base Building Energy – Australia	25,017.61
3	Employee Travel – Air Travel – Australia (Total Direct)	6,570.59
3	Employee Travel – Air Travel – Australia (Total Indirect)	1,355.33

Scope	Emission source	t CO ₂ -e ³
3	Employee Travel – Taxis - Australia	406
3	Employee Travel – Hire Vehicles - Australia	81
Total carbon footprint in tonnes CO ₂ -e (gross)		261,272.98
2	Greenpower - Australia	102.87
3	Greenpower transmission and distribution losses - Australia	18.80
Total carbon footprint in tonnes CO ₂ -e (net)		261,151.31

8. Carbon Offset Purchases and Retirement for this Reporting Period

Offset Purchasing and Cancellation Strategy

The Westpac Group has forward purchased carbon offsets for the period 2013 to 2017. The Group will true up at the end of each reporting year ending 30 June and bank offsets for future use.

Please refer to The Westpac Group's Offset Purchasing Guidelines for further details on The Group's strategy for purchasing and cancelled carbon offsets.

Offset Cancellation

Table 2: Offset Cancellations

Offset type	Registry	Serial number	Quantity (t CO ₂ -e)
Choose an item.	If other, specify	n/a	n/a
Total			n/a

9. Emission Reduction Measures

As a service organisation, the majority of the Group's direct emissions are associated with Scope 2 electricity consumption. As a result, the bulk of our energy abatement activities are focused on reducing electricity use and improving energy efficiency, which is aligned with our involvement in the EEO program.

Emission reductions are estimated as part of the business case process and verified after implementation to evaluate the project's success. All emission reduction savings are compared against the baseline (2011-12).

Table 7: Emission Reduction Measures

Emission source	Reduction Measure	Scope	Status	Reduction t CO ₂ -e
Electricity	Retail Energy Efficiency Project - Lighting Upgrades at 112 branches	2	Implemented this reporting period	1,506
Electricity	Retail Energy Efficiency Project - Lighting Upgrades at 100 branches per year for 4 years to 2017	2	Planned for future reporting period	4,000
Electricity	Sydney Property Consolidation Project	2	Planned for future reporting period	4,562
Electricity	Melbourne Property Consolidation Project	2	Planned for future reporting period	8,978
Electricity	Retail Energy Saving Initiative - Energy Policy and stakeholder engagement for branches and business banking	2	Planned for future reporting period	892
Electricity	Retail energy efficiency initiatives as identified through EEO	2	Implemented this reporting period	56

Emission source	Reduction Measure	Scope	Status	Reduction t CO ₂ -e
Electricity	Retail energy efficiency initiatives as identified through EEO	2	Implemented in a past reporting period	69
Electricity	Commercial office energy efficiency initiatives as identified through EEO	2	Implemented this reporting period	2,139
Electricity	Commercial office energy efficiency initiatives as identified through EEO	2	Implemented in a past reporting period	2,604
Electricity	Commercial office energy efficiency initiatives as identified through EEO	2	Planned for future reporting period	17
Electricity	Decommissioning of redundant IT devices at Data Centres	2	Implemented this reporting period	4,440
Electricity	Data Centre Upgrade program	2	Implemented this reporting period	1,108
Fleet	Vehicle review	3	Planned for future reporting period	268
Taxi & Air Travel	Monthly executive reviews of on-line spend reports for travel	3	Implemented in a past reporting period	2,872
Total emission reductions implemented in this reporting period				9,249
Total expected emission reductions in future reporting periods				18,717

10. Declaration

To the best of my knowledge and having implemented the quality controls and standards required under the NCOS Carbon Neutral Program and made all appropriate inquiries, the information provided in this Public Disclosure Summary is true and correct.

Siobhan Toohill



Name of Signatory

(company representative with the appropriate authority)

Signature

Head of Group Sustainability and Community

Position / Title of Signatory

24/10/2013

Date