

# 2021 SUMMARY SUSTAINABILITY REPORT WESTPAC NZ

Manaaki te ao, manaaki te tāngata,  
e tipu pūtea ora.

Care for the planet, care for people  
and grow financial wellbeing.



We believe by working together with our customers and communities, we can achieve greater outcomes for everyone.

Westpac is contributing to a stronger, fairer and more resilient Aotearoa by aligning our lending to sustainable solutions, empowering our customers with products that help them take action on key environmental and social issues, and working hard to set an example for others as an adaptable and forward-thinking business.

In 2021 we launched He rau ringa manaaki, Many hands working together, Westpac NZ's 2025 Sustainability Strategy. Our commitment is to help Aotearoa take action on climate change, support our people and communities and lift financial wellbeing.

This report summarises 2021 performance towards our targets, and highlights.

For our full 2021 Sustainability Report, please visit [westpacsustainability.co.nz](https://westpacsustainability.co.nz)

## We're all in this together – supporting our communities through COVID-19.

The last couple of years have brought uncertainty around the world. We manage this uncertainty by helping our customers, communities and businesses in some of the areas we can control. In times of crises, it's more important than ever to manage our finances sustainably, and we have increased our offering of free Managing Your Money workshops and online classes to empower New Zealanders through financial literacy.

We donated \$15,000 each to three charities to help them provide support to our communities during the recent lockdown. To the Middlemore Foundation, to help provide 1,000 Care Packs made up of essential items to South Auckland families in need. To Shine, to help support their helpline for people experiencing family and domestic violence. And to Women's Refuge to help support women and children leaving abusive relationships. We also supported UNICEF to help deliver two billion vaccines to vulnerable communities across the world by matching our employees' donations.

We know uncertainty also takes a toll on our mental and physical wellbeing. As well as proactive outreach from our frontline banking teams, our four ambassadors – Richie McCaw, Sophie Pascoe, Willie Apiata and Sir John Kirwan – have been busy getting out into the community – in real life and online – and inspiring New Zealanders with their own stories of resilience and overcoming adversity.

Kia kaha Aotearoa.  
Together we are greater,  
and we'll get through  
challenging times.



# OUR 2025 SUSTAINABILITY STRATEGY: HE RAU RINGA MANAAKI Many hands working together.



01



## Manaaki te ao. Care for the planet.

Our aim is to support Aotearoa's transition to a resilient, net zero emissions economy for the benefit of all New Zealanders.

- **Net zero operations**
- **Help Aotearoa take action on climate change.**

02



## Manaaki te tāngata. Care for people.

Our aim is to help create thriving local communities and a workforce and society where everyone feels valued.

- **An inclusive culture and diverse leadership**
- **Thriving communities**
- **Healthy, affordable, and social housing.**

03



## E tipu pūtea ora. Grow financial wellbeing.

Our aim is to enable all New Zealanders to be financially secure and independent.

- **Financial capability**
- **Inclusive financial services**
- **Diverse supply chain.**





# Manaaki te ao.

## Care for the planet.

Our aim is to support Aotearoa's transition to a resilient, net zero emissions economy for the benefit of all New Zealanders.

The recent Intergovernmental Panel on Climate Change (IPCC) Report confirmed the urgency of the climate challenge.

We believe business and the financial sector have a major role to play to reduce emissions and prepare communities for the impacts of climate change.

## How we're supporting Aotearoa's transition to a net zero emissions economy.

We're addressing climate change with urgency by managing climate risks in our business, reducing, disclosing and offsetting our own emissions, helping our customers manage their transition to a low carbon economy and reducing the carbon intensity of our lending and investments over time. We want to ensure capital flows to the parts of the economy where it's needed most to facilitate the transition efficiently and effectively.

### 1. Net zero operations.

Measure, reduce and report our footprint and encourage suppliers and our team members to do the same.

### 2. Help Aotearoa take action on climate change.

Build in climate change risk and opportunity to our lending and investment decisions, and help our customers to do the same.

### 2025 SUSTAINABILITY STRATEGY TARGETS

### 2021 PROGRESS

1. Reduce our operational emissions by 30% by 2025 (2019 baseline).	35% reduction.
2. Enable \$10b in sustainable finance by 2025. <ul style="list-style-type: none"> <li>• Provide \$6b of sustainable lending to customers (e.g. renewable energy, education, low carbon transport).</li> <li>• Facilitate \$4b of sustainable bonds for our customers and Westpac.</li> </ul>	Enabled \$3.44b in sustainable finance, comprising \$2.93b of sustainable lending and \$0.51b of sustainable bonds to date.
3. Manage our climate-related financial risks. <ul style="list-style-type: none"> <li>• Help our customers and communities transition to meet the goals of the Paris Agreement and adapt to climate change.</li> </ul>	First NZ bank to release a <b>Climate Risk Report</b> based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). 2021 Climate Risk Report coming soon.

## Material issues addressed.

- Climate change and environment.
- Biodiversity.

## United Nations Sustainable Development Goals (SDGs).



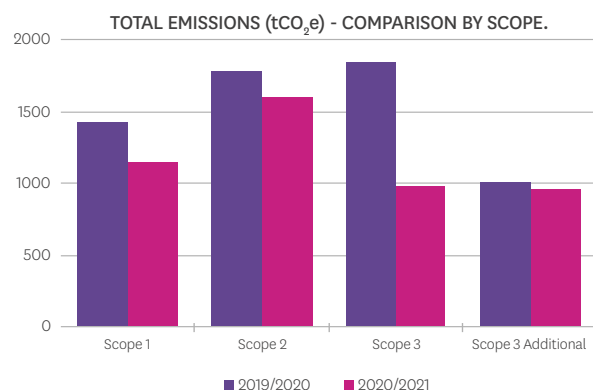
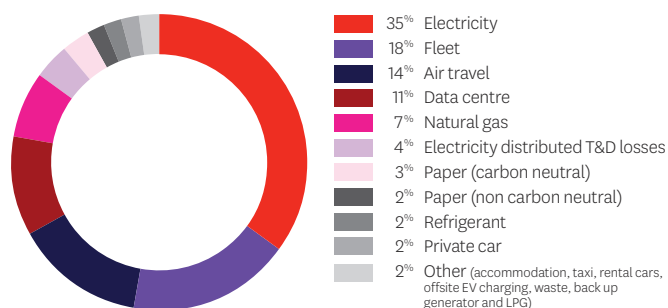
More information on the SDGs and how we are contributing can be found [here](#).



# Key highlights for the year to 30 September 2021 include:

## Reducing our carbon footprint.

- Maintained Toitū carbonzero certification for the third year. We are actively reducing our greenhouse gas emissions and offsetting the remainder by purchasing New Zealand native permanent forestry carbon credits. We have committed to reducing our emissions by 30% by 2025.
- Commenced work to understand the emissions intensity of our lending portfolio.
- Worked on measuring employee commute and working from home emissions and creating a plan to encourage more sustainable commuting.
- Decreased weighted average carbon intensity across shares and listed property investment portfolios<sup>1</sup>.



## Helping our customers take action on climate change.

- Published the first Impact Report for Westpac NZ's Green Bond.
- Supported KiwiRail to enter into a \$350m Green Loan to purchase two new Interislander ferries which is the first shipping loan in the world to be certified by the Climate Bond Initiative.
- Signed Australasia's first ever Social Loan with Te Pūkenga.
- Incentivised businesses through Sustainability-Linked Loans to improve performance against material environmental or social metrics. In 2021, we were the Sole Sustainable Finance Coordinator for the following:
  - > Pāmu's Sustainability-Linked Loan: the most comprehensive in New Zealand to date, also the largest in the agricultural sector and the first involving a state-owned enterprise.
  - > Genesis Energy's Sustainability-Linked Loan: the largest emission reduction target in any Sustainability-Linked Loan in New Zealand and the first with targets relating to renewable energy generation and preparing young people for the future of work. Genesis Energy was the first company in Aotearoa and only the fifth in the world to have their sustainable finance structure verified as aligning to new global climate transition finance guidance.
  - > The Warehouse Group's Sustainability-Linked Loan: the first such loan in New Zealand to address sustainable packaging and gender targets.
- Participated in Summerset's Sustainability-Linked Loan that addresses the quality of aged care, reduction in greenhouse gas emissions and construction waste.

- BT Funds Management (NZ) Limited (BTNZ), is responsible for the investment of the Westpac NZ KiwiSaver Scheme. BTNZ developed a comprehensive Sustainability Investment Plan to establish itself as a leader in the sustainable and climate change investment space, setting the target of aligning all assets under management with the 1.5°C target, increasing exposure to climate solutions, decreasing climate risks, and supporting ecosystem, biodiversity, pollution prevention and water stewardship.

## Helping Aotearoa take action on climate change.

- Worked with our banking peers and agri-sector partners to develop the Sustainable Agri Finance Initiative (SAFI) to develop a set of standards to help direct capital towards sustainable purposes in the agricultural sector.
- Joined the Climate Action 100+, the Investor Group on Climate Change and are committed to the global Net Zero Asset Managers initiative to collaboratively drive action on reducing climate risks and achieving net zero greenhouse gas emissions by 2050 or sooner.
- Encouraged the fund managers who invest our KiwiSaver and other investment funds to take bold climate change action – seven are now signatories to the Net Zero Asset Managers initiative.

## Climate Risk update.

- Released our first **Climate Risk Report** in November 2020. It is based on the TCFD recommendations. 2021 Climate Risk Report coming soon.
- Enhanced internal governance processes for more effective decision making on climate risks.
- Commenced a comprehensive assessment of the climate-related risks and opportunities for the agricultural sector.

<sup>1</sup>Based on information provided by our external ESG research provider for scope 1 and 2. Accuracy, coverage, and time of data for portfolios may vary and may not reflect the full portfolio holdings.



# Manaaki te tāngata.

## Care for people.

Our aim is to help create thriving local communities and a workforce and society where everyone feels valued.

As a large business, employer, and member of many communities across Aotearoa, we have a responsibility to care for our people, as well as the communities we've been part of for more than 160 years.

This is demonstrated by many of our existing community initiatives, such as our long-standing sponsorship of Aotearoa's rescue helicopters, support of diverse groups and communities facing hardships or exclusion and by fostering a culture of generosity with donation matching and employee volunteering.

## How we're supporting our people and communities.

We connect with more than 1.3 million customers, 5,000 Westpac team members and the communities we are part of across Aotearoa. We help local communities and businesses achieve great things through:

- 1. An inclusive culture & diverse leadership.**  
Increase the cultural diversity of our leadership teams.
- 2. Thriving communities.**  
Improve the financial, environmental and mental wellbeing of our communities through partnership, volunteering and sponsorships.
- 3. Healthy & affordable homes.**  
Integrate social and environmental factors into our finance offerings for housing.

2025 SUSTAINABILITY STRATEGY TARGETS	2021 PROGRESS
1. 1% of annual pre-tax profit invested in communities by 2025.	0.57% (\$7.36m) in 2021.
2. Set a cultural diversity in leadership target by 2021.	'This is Me' diversity and inclusion cultural baseline survey completed, cultural diversity in workforce and leadership targets to be confirmed in 2022.
3. \$700m in lending to healthy, affordable and social housing by 2025.	\$389m to date.

## Material issues addressed.

- Supporting local communities.
- Affordable housing.
- Mental and physical wellbeing.
- Diversity and inclusion.

## United Nations Sustainable Development Goals (SDGs).



More information on the SDGs and how we are contributing can be found [here](#).





# Key highlights for the year to 30 September 2021 include:

## Supporting local communities.

- Westpac team members volunteered 9,466 hours in our local communities.
- \$1.1m fundraised by Westpac team members and the community in the annual Chopper Appeal for the Westpac Rescue Helicopters.
- \$60,965 donated via employee gift matching to 57 charities through Givealittle.
- We donated \$15,000 each to three of our partner charities to help them provide support to our communities during COVID-19. To the Middlemore Foundation, to help provide 1,000 Care Packs made up of essential items to South Auckland community partners. To Shine, to support their helpline for people experiencing family and domestic violence. And to Women's Refuge to support women and children leaving abusive relationships.

## Our employees.

- Introduced one week per year of Wellbeing Leave, to give all our team members the time they need to recharge their batteries and look after loved ones.
- Ongoing commitment to **gender equality** through leadership representation (52% Women in Leadership at 30 September 2021) and addressing our gender pay gap (28.5% as at 30 September 2021).
- Our 'This is Me' survey achieved a 62% response rate and 43% of those respondents opted to share their cultural data with us. This data will help to establish a baseline of the cultural makeup of our organisation.
- Supported rangatahi professional development through our Youth Network, Igniting Futures programme and Te Waiu O Aotearoa tertiary study scholarships.

- Continued support of people with accessibility needs through our Be.Lab mentoring and internship programme, providing hands on corporate experience and opportunities to transition into permanent work.
- Winner of the Institute of Financial Professionals NZ (INFINZ) Hunter Campbell Diversity & Inclusion Award for achievements in improving diversity and inclusion within the wider financial services ecosystem.

## Helping our customers access healthy, affordable and social homes.

- Helped Kāinga Ora to launch First Home Partner, a shared equity scheme designed to bring home ownership within reach for more New Zealanders.
- Helped 4,132 customers make their homes healthier and more energy efficient with a Westpac Warm Up interest-free home loan top up. A total of \$28.39m drawn down at 30 September 2021.
- Entered into five new partnerships with Shared Equity providers to help more New Zealanders into their own homes.
- Under the Government's **progressive home ownership fund**, we have worked with various providers to support Te Au Taketake – a pathway for Iwi and Māori organisations to develop innovative housing solutions for their members.
- Expanded our Westpac PreBuilt offering, providing finance options for people to purchase pre-fabricated houses, that are often cheaper, quicker to build, and more energy-efficient than conventional houses.
- Supported Community Housing Providers to review guidance for Rent to Buy schemes.







## E tipu pūtea ora.

### Grow financial wellbeing.

Our aim is to enable all New Zealanders to be financially secure and independent.

Improving financial wellbeing is an important theme for us against the backdrop of the COVID-19 pandemic. Te Ara Ahunga Ora Retirement Commission's research from October 2020 showed one third of people were earning less than they were pre-COVID-19, 36% of households were in serious or some financial difficulty, and 41% of households were having limited ability to withstand life events that impact on their income. We are yet to see the impacts of the latest lockdown.

We want all New Zealanders to be financially secure and independent, enabling them to reach their full potential. Increased economic participation and inclusive prosperity is beneficial to everyone.

## How we're helping to grow financial wellbeing.

- 1. Financial capability.**  
Grow the financial capability of our customers, communities and our people.
- 2. Inclusive financial services.**  
Help New Zealanders to avoid exploitation and be part of the mainstream financial system.
- 3. Diverse supply chain.**  
Help New Zealanders participate in the economy and grow their financial independence.

### 2025 SUSTAINABILITY STRATEGY TARGETS

### 2021 PROGRESS

1. 25,000 people to participate in Westpac facilitated financial education workshops from 2021 to 2025.	14,618 in 2021. We are tracking ahead of our five-year target and will reassess this target in 2022.
2. Help 15,000 New Zealanders at risk of financial exploitation and exclusion from 2021 to 2025.	1,951 in 2021.
3. Source 25% of our annual purchasing spend from local small and medium sized businesses, including businesses owned by diverse and under-represented communities by 2025.	<ul style="list-style-type: none"> <li>• 15% in 2021.</li> <li>• 74% of new suppliers in June to September are NZ small and medium sized businesses.</li> </ul>

## Material issues addressed.

- Financial wellbeing.
- Digitalisation of banking services.
- Customers experiencing vulnerability and hardship.

## United Nations Sustainable Development Goals (SDGs).



More information on the SDGs and how we are contributing can be found [here](#).





## Key highlights for the year to 30 September 2021 include:

### Growing the financial capability of our community.

- An additional 70 Westpac team members were trained as Managing Your Money facilitators this financial year.
- Since the programme's launch in 2006, we've reached more than 90,000 participants across Aotearoa with our Managing Your Money programme.
- Provided SeniorNet with materials to support people over 50 to become digitally confident with their banking, including a module to help them navigate banking without cheques.
- We launched the Stash the Cash card game to teach people about scams and learn simple skills to defend against them.

### Helping provide more inclusive financial services.

- In partnership with SeniorNet, we've helped 1,656 older New Zealanders become more digitally confident through community workshops.
- Since early 2020, 38 bank accounts have been opened by people soon to be released from prison through the New Start pilot.
- In partnership with iSign, we became Aotearoa's first bank to offer free in-branch sign language interpreters to our deaf and hearing-impaired customers.
- We implemented training for our customer facing team members on how to support customers experiencing family and domestic violence.
- Partnered with FinCap, a non-government organisation which supports 200 free financial mentoring services.

### Supporting local and diverse businesses in our supply chain.

- Ran training for our procurement teams (with organisations including Ākina and Amotai) to increase their understanding of sustainability principles, including supplier inclusion and diversity and purchasing with positive impact.
- Implemented methodology to track supplier and spend data to provide robust ongoing reporting.



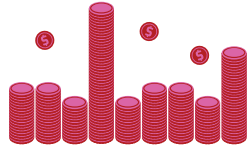
## About Westpac NZ.

Westpac New Zealand has been serving New Zealanders since 1861 and is today one of the country's largest full-service banks with more than 1.32m customers.

We provide a full range of retail and commercial financial services including home and business lending, funds management and treasury services as well as being the Government's bank.



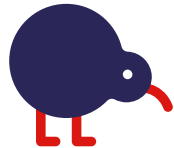
**1.32m**  
Customers



**\$433m**  
Tax paid to NZ Govt



**\$60.8b**  
Home lending



**\$9.1b**  
Funds managed by the  
Westpac KiwiSaver Scheme



**\$679m**  
Paid to suppliers



**\$75.9b**  
Deposits

## The Government's bank.

As the Government's bank, we provide main banking services to over 200 entities including 40 key government agencies. These include:

We process the payroll for  
**102,000** teachers and  
support staff, in around  
**2,536** schools.



Enabling  
**\$2.77 billion**  
in COVID-19 wage  
subsidies to be paid



We help collect more than  
**\$470 million** in CHILD  
SUPPORT payments  
each year.

We help to collect  
**\$80 billion**  
tax each year.



We enable  
**809,000**  
superannuation payments  
each fortnight.





# Key business data.

		2021	2020	2019
<b>BUSINESS</b>	Cash earnings (\$m) <sup>1</sup>	1,013	649	1,042
	Number of customers (m)	1.32	1.34	1.35
	Digitally active customers	865,054	844,348	824,878
	Branches	116	143	155
	Branches with 24/7 capabilities	72	69	62
	ATMs	464	495	513
	Smart ATMs (%)	36	36	35
	Change in customer complaints from prior year (%)	-9	+5.8	+1.9
	Total supply chain spend (\$m)	679	661	597
	Employees (headcount)	5,035	4,436	4,177
	Employees (FTE)	4,842	4,354	4,140
<b>MANAAKI TE AO CARE FOR THE PLANET</b>	Lending to climate change solutions (\$b)	1.6 <sup>2</sup>	1.6	1.6
	Sustainable Finance (\$b)	3.44	-	-
	Total operational emissions tCO <sub>2</sub> e (tonnes of carbon dioxide equivalent) <sup>3</sup>	4,960	6,014	7,347
	Total Scope 1 emissions (tCO <sub>2</sub> e)	1,315	1,420	1,691
	Total Scope 2 emissions (tCO <sub>2</sub> e)	1,730	1,764	1,901
	Total Scope 3 emissions mandatory (tCO <sub>2</sub> e)	996	1,828	2,633
Total Scope 3 additional emissions (tCO <sub>2</sub> e)	919	1,003	1,122	
<b>MANAAKI TE TĀNGATA CARE FOR PEOPLE</b>	Funds raised for Rescue Helicopter (\$m)	1.1	.65 <sup>4</sup>	1.26
	Women in leadership (%)	51.9	50.4	50.7
	Women as a % of the workforce	51	60.3	61.6
	Gender pay ratio (%)	28.5	29.1	30.3
	Employees completing unconscious bias training (%)	99.6	100	100
	Community investment (\$m) <sup>5</sup>	7.36	7.53	5.90
	Community investment as a % of pre-tax profit	.57	.79	.38
	Volunteering (value of hours in \$)	521,166	389,179	580,806
Lending to social and affordable housing (\$m)	389	280	215	
<b>E TIPU PŪTEA ORA GROW FINANCIAL WELLBEING</b>	Financial education workshop participants	14,618	4,224	10,343
	Number of people at risk of financial exploitation and exclusion helped <sup>6</sup>	1,960	-	-
	Number of approved applications for financial assistance from customers experiencing financial hardship	2,987	1,739	-

<sup>1</sup> Cash earnings are a measure of performance used by the Westpac Group of Westpac New Zealand, which adjusts statutory profit for any material items that do not reflect ongoing operations, items that are not considered when dividends are recommended and accounting reclassifications between line items that do not impact reported results. Cash earnings are not presented in accordance with Generally Accepted Accounting Practice ('GAAP') and are not audited or reviewed in accordance with International Standards on Auditing (New Zealand). Westpac New Zealand is a division of Westpac Banking Corporation and is not the same as Westpac New Zealand Limited. The financial results of Westpac New Zealand Limited will be available in the Westpac New Zealand Limited Disclosure Statement, with a reconciliation between the two results also provided in the Westpac New Zealand Summary Financials section of the accompanying media release. Westpac New Zealand includes, but is not limited to, Westpac New Zealand Limited, Westpac Banking Corporation (New Zealand Branch), Westpac Life-NZ-Limited and BT Funds Management (NZ) Limited.

<sup>2</sup> In 2021, the methodology was changed to exclude pre-settlement risk (PSR) facilities. As at 30 September 2021, PSR accounted for \$108m.

<sup>3</sup> Environmental year runs 1 July to 30 June. CO<sub>2</sub>e results include all Westpac business units based in New Zealand. In 2019, we changed the way we measure and report carbon emissions, to align with the Greenhouse Gas Protocol (2004) and ISO 14064-1:2006 Specification as required by Toitū Envirocare, our carbonzero programme certifier, which also resulted in setting a new 2025 target.

<sup>4</sup> Due to COVID-19, Westpac Rescue Helicopters had a fundraising shortfall in 2020. Westpac NZ donated an extra \$1m above the 2020 fundraising amount.

<sup>5</sup> Community investment is made up of: monetary contributions (charitable gifts, matched giving and community partnerships), time contributions, in-kind gifts and donations, and management costs. It excludes commercial sponsorships.

<sup>6</sup> New target introduced in 2021.

## About this report.

For us, sustainability means ensuring that what we do every day meets our financial, social and environmental responsibilities to our customers, communities and people. We strive to be open, honest, fair, and transparent in everything we do.

Through our sustainability materiality assessment process, we identify the issues and opportunities that matter most to our stakeholders. Our 2021 Sustainability Report is structured around the most pressing issues and provides information on our sustainability performance progress over the last year.

Key material topics identified and addressed in our 2021 Sustainability Report were:

MATERIAL TOPIC	DEFINITION
<b>Climate change and the environment.</b>	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 transition to low-carbon emissions and become more climate-resilient.  Measuring and reducing our carbon emissions across our value chain, alongside managing material use.
<b>Customer vulnerability and hardship.</b>	Supporting our customers in times of financial hardship and anticipating times when they can become vulnerable.
<b>Financial wellbeing.</b>	Helping improve the financial capability and resilience of New Zealanders.  Ensuring financial inclusion.
<b>Affordable housing.</b>	Enabling New Zealanders to access warm, dry and affordable housing.
<b>Mental and physical wellbeing.</b>	Helping our employees and the community take care of their overall wellbeing (mental and physical) and resilience.

For a full list of our 10 material issues and how we are responding, read more [here](#).

These, together with further information about our approach to sustainability, oversight frameworks, policies, positions, and performance ratings and benchmarks, can be found online at our **Environmental, Social and Governance dashboard**.

All figures are for the 12 months ended 30 September 2021, comparisons are against results for the 12 months ended 30 September 2020, and all dollar amounts are in New Zealand dollars, unless otherwise indicated.

## 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 **2025 Sustainability 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 Abbie Reynolds and includes Alistair Davis, Emeline Afeaki-Mafile'o, Rangimarie Hunia, Sam Johnson and Shruthi Vijayakumar.

Click [here](#) for more information on our Sustainability Governance framework.