



Company report review

Westpac Stakeholder Impact Report 2004

Maplecroft

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Company report review – Westpac

Established in 1817, Westpac is Australia's oldest bank, now with branches throughout the Pacific region and employing around 27,000 people around the world. Westpac identifies three strands to its DNA: vision – to be a great Australasian company; mission – to be at the forefront of service in the finance industry; and values – teamwork, integrity and performance.

After three years of separate reporting, Westpac last year decided to align its sustainability and financial reporting. The present Stakeholder Impact Report will in future be released shortly after the bank's full financial reports.

The present report begins with tables of selected indicators, some from the Global Reporting Initiative, others sector-specific. It is structured under the headings below (A-F), with separate sub-sections on topics of particular interest, such as the Equator Principles.

Progress under the Equator Principles

Following its decision to adopt the Equator Principles in 2003, Westpac reports that its Group Risk division, under the oversight of the Board Social Responsibility Committee, undertook a review of how social, environmental and ethical considerations are incorporated into risk policies and procedures. The review identified several next steps: to document policies and procedures in alignment with the Equator Principles; communicate the policy framework; train on the application of the Principles; establish a reference group of senior executives to which difficult proposals can be directed. The main progress includes an Equator Principles policy document, specific Equator procedures embedded within the Project and Structured Debt manual; the appointment of a Director of Project and Structured Debt responsible for all Equator matters.

A. Stakeholder dialogue

Westpac has designed a formal stakeholder dialogue framework based on annual meetings of a multi-sector Community Consultative Council. The meeting in March 2004 focused on identifying material issues to be examined for reporting purposes. A second advisory group is the Internal Sustainability Council (ISC), comprised of internal 'influencers' charged with helping to build a responsible business. Westpac candidly reports difficulties in building the right membership base and feeding outputs back into the business. The ISC is supported by four issues specific groups focused on the workplace, suppliers, social issues and the environment. Sitting across this framework, the Board Social Responsibility Committee maintains Board-level stewardship of the sustainability agenda.

In 2004, Westpac was voted on to the Interim Steering Committee of the UN Environment Program Finance Initiative (UNEP FI) which aims to develop linkages between the environment, sustainability and financial performance. Westpac also participated in the review project for the VFU Indicator framework to develop environment performance indicators for the finance industry. Westpac is an active member of the Global Compact, contributing to a report entitled 'Who cares wins – connecting financial markets in a changing world'.

B. Employees

Westpac's 'aspiration target' for 2005 is to increase employee commitment by 3%. Employee feedback is gathered through an annual Staff Perspectives Survey. In 2004, a number of additional questions were included in the Survey aimed at understanding more of the age, ethnic/cultural background, disability and work/life balance issues of employees.

Westpac reports key results from the survey were and actions in those areas:

- Almost 5% of respondents identified themselves as having a disability. In August 2004, Westpac lodged a new Disability Action Plan outlining steps over the next three years.
- People working over 41 hours a week felt it was difficult to achieve work/life balance. Westpac has set a target for 2005 to identify how difficulties in achieving work/life balance can be addressed. Currently, family policies include six weeks paid maternity, paternity or adoption leave; Better Life and Work information service; and child care facilities across Australia.

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- The proportion of women in management positions is 43%. A women's development program will be integrated into the mainstream suite of leadership programs from 2005.
 - Westpac has developed an Age Balance Strategy with a target to recruit 900 staff over the age of 45 by 2005. Age awareness training is also being incorporated into the leadership training program.
 - Employee satisfaction with occupational health and safety issues was 80%. OHS measures include a Critical Incident Management Program which provides assistance to employees requiring support after a traumatic event. Westpac has recently completed a National Worker's Compensation and OHS database to enable a more detailed analysis of trends for workplace injuries and implement more effective preventative measures.

C. Customers

Westpac has carried out a range of initiatives to improve the customer experience:

- Introduced 54 Ask Once Coordinators to support front line staff in resolving customer enquiries faster.
- Continued quarterly meetings of the Customer Committee which has begun an overdue process to relaunch the Customer Charter.
- Appointed a Customer Advocate to be custodian of the complaint resolution process.

Westpac provides a number of products for low income and vulnerable members of the community, for example:

- A new package of discounted banking solutions for non-profit organizations
- A Natural Disaster Relief Pack provides a package of financial assistance and concessions for customers affected by natural disasters.
- A Financial Awareness Workshop for secondary school students on making better financial decisions – seven workshops were delivered over the reporting year
- No Interest Loans Scheme in Tasmania

In terms of the social benefit of Westpac's lending decisions, the report notes the following points (as at September 2004):

- 14% of total business lending in Australia supports small business
- Institutional benefit with high social benefit was \$3.5 billion, or 21% of total institutional lending – Westpac has recently put in place a framework for defining high social or environmental benefit.
- Westpac does not have any physical or direct banking operations in developing countries outside the Pacific Islands

Westpac offers investors two types of Socially Responsible Investment (SRI) products. The first uses a 'best of sector' approach, as determined independently by Monash Sustainability Enterprises. Second, a screening approach (both positive and negative).

D. Environment

Westpac's Environmental Policy, first published in 1992 and re-released in 2001, and Environmental Management System (EMS) cover areas such as managing the bank's ecological footprint, measuring and reporting performance and the incorporation of environmental considerations into the bank's risk management framework. The EMS is based on ISO 14001 and is overseen by an Environmental Advisory Group which meets on a regular basis. Westpac is currently reviewing the EMS and Quarterly Procedures, Definitions and Responsibilities Manual on greenhouse gas reporting.

Westpac is involved in various initiatives on biodiversity, water consumption and climate change, including:

- Operation Backyard in partnership with Landcare Australia – providing funding for the protection of biodiversity through habitat restoration projects

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- Sydney Water 'Every Drop Counts' Program – education and awareness raising to encourage water conservation at home and in the office
 - Carbon Disclosure Project 2004 – research into how companies perceive the risks and opportunities of climate change

E. Social

Westpac has signed or publicly declared support for a number of human rights instruments such as the Universal Declaration of Human Rights and UN global Compact. In this context, Westpac has developed a community involvement strategy comprised of three main streams – staff involvement, partnerships and capacity building.

Staff involvement

Through the Westpac Matching Gifts program, Westpac matches staff payroll deductions and fundraising. Almost AUS\$750 000 was donated by staff during the reporting period. Westpac's total community contributions amounted to 1.3% of pre tax profits. Further, Westpac provides an annual entitlement of one day's paid leave for volunteering – around 3600 community volunteering days were logged during the reporting period. Westpac also recognizes outstanding contributions to the community through the CEO's Community Volunteering Awards.

Community partnerships

Westpac is partnering with a number of organizations. Notably, Westpac says it is committed to providing indigenous assistance through the Cape York Indigenous Enterprise Partnership aimed at developing financial literacy and economic self-sufficiency through two primary programs.

Capacity building

Westpac runs two key capacity building courses. The first is a financial training workshop conducted by Macquarie Graduate School of Management for non-profit business leaders. Second, a 20% discount on Westpac's 'Beyond Survival' small business course. Further, this year Westpac launched a free 'Guide for Community Treasurers' to help community organizations manage their finances.

F. Suppliers

Westpac's supply chain involves approximately 10,000 suppliers, delivering an annual value of around AUS\$2 billion although around 80% of this is absorbed by the top 100 suppliers. Westpac developed a Sustainable Supply Chain Management Policy and Guidance Notes in 2003. In the last year, Westpac focused on surveying its top 104 suppliers for their social, ethical and environmental performance. Key objectives for the coming year are to address the outcomes of these assessments through dialogue and deepen knowledge on how to work collaboratively with existing suppliers to tackle identified gaps in performance.

Our comment



Westpac has produced an interesting and accessible Stakeholder Impact report with a number of noteworthy highlights on the company's approach to corporate responsibility. First, the bank's commitment to the Equator Principles puts it at the leading edge of companies in the financial sector. Westpac reports good progress in developing Equator policies and procedures, the impact of which could have been explored in greater detail. Second, Westpac has established a number of high level fora for stakeholder dialogue in the form of the Internal Sustainability Council, Community Consultative Council and participation in the UNEP Finance Initiative. Again, the report lacked detailed discussion of key issues on the agenda and the process of feeding outputs back into the business. Third, Westpac's contributions to the community amount to an impressive 1.3% of pre tax profits. Overall, the report suggests that progress is being made towards sustainability while recognizing the amount of work that remains to be done, notably in implementing the Equator Principles, reviewing the Environmental Management System and embedding the Supply Chain Management policy.

Westpac's Stakeholder Impact Report 2004 is available at:

<http://www.westpac.com>



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