

Westpac Institutional Bank

Climate Change
& Sustainability
Capabilities

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Westpac's leadership in sustainability and our financial markets expertise places us in an excellent position to assist our clients' transition into a carbon constrained economy.

Westpac Banking Corporation

Westpac Banking Corporation ("Westpac") was founded in 1817 as the Bank of New South Wales, and has a long and proud history as Australia's first bank. With a market capitalisation of almost A\$77.2 billion¹ and total assets of A\$590 billion¹, Westpac is one of Australia's top five listed companies. Our financial strength and risk management practices have been recognised by investors and rating agencies globally.

Today Westpac provides a broad range of retail, commercial and wholesale banking services to around ten million personal, business, corporate and institutional clients.

Westpac Institutional Bank

Westpac Institutional Bank, a division of Westpac Banking Corporation, manages the financial needs of corporate, institutional and government clients that are based, or have interests in, Australia and New Zealand. We are a leading provider of wholesale banking services in the region and are consistently recognised as a leading bank for Australian and New Zealand dollar-denominated financial products and risk management.

We have almost 3,000 full-time employees including regional experts in Australia, New Zealand, London, New York, Singapore, Hong Kong and Shanghai, with representative offices in Beijing, Mumbai and Jakarta.

To facilitate trade payments and capital transactions, we maintain relationships with approximately 1,600 international financial institutions in over 50 countries worldwide.

Financial Markets

Westpac understands financial markets. Our team of experts provide sound advice, precise execution and accurate settlement to meet our clients' foreign exchange, interest rate and commodity exposure needs. Our global capability, local expertise and depth of experience provide us with unique insight to deliver true value to our clients.

We offer a complete suite of hedging and risk management tools across the following markets:

- Foreign exchange
- Interest rate derivatives
- Commodities, carbon and energy
- Fixed interest / debt markets.

Westpac's Financial Market's also offer flexible and effective structures on alternative asset investments, loans and syndications, and project finance.

In carbon markets, Westpac has been trading in the European Union Emission Trading Scheme (EU ETS) since late 2006 and undertook the first trade of compliance permits under the forthcoming Australian Carbon Pollution Reduction Scheme (CPRS) in May 2008.

As these markets continue to develop, Westpac will dedicate its resources to:

- Provide timely and valuable expertise in environmental markets
- Offer hedging and risk management products
- Structure solutions to help our clients business' transition smoothly into a carbon constrained economy.

¹Westpac Banking Corporation 2009 Full Year Results, 30 September 2009. Results prepared on a pro-forma basis.

More than 37,000 people working to create a sustainable future.

Leadership in sustainability

As Australia's first bank and company, Westpac is proud to have played a pivotal role in building the nation for almost 200 years. Throughout, we've been part of the interplay between the financial, social and environmental factors that have driven Australia's development and contributed to our ongoing prosperity.

For many years, Westpac has been recognised as a global leader in sustainability and managing the challenges of climate change². Sustainability remains one of our strategic objectives and a key battleground in our growth and transformation agenda. We are committed to building a strong future for our customers, our employees and the communities in which we serve.

For us, it is about the way we do business and about getting actively involved. For instance:

- We have launched an Assist service across all retail brands to help customers in financial difficulty. In 2009 we helped over 50,000 customers with over \$3 billion in accounts.
- We match the charitable donations of our employees through our Matching Gifts program, and together we have donated more than \$20 million since 1999 to the causes our employees feel strongly about.
- We work with community organisations to provide mentoring and development opportunities for our people and to help build capacity within the social sector that enhances their sustainability too.

²Dow Jones Sustainability Index Sector Overview: Banks, as of September 21, 2009. Carbon Disclose Project Climate Leadership Index 2009.

Market leadership

- Westpac was the only Australian Bank to be recognised as one of the “Global 100 Most Sustainable Corporations” at the 2010 Davos World Economic Forum in Switzerland.
- In 2010, Westpac Institutional Bank became the Founding Partner of the Advance Green Network, a network of Australians and alumni from across the globe which has been established to stimulate new perspectives and help members stay informed on the progress of Australia towards meeting the sustainability challenge.
- Westpac was the only Australasian company, and one of only three banks around the globe, to be named as one of the “2010 World’s Most Ethical Companies” by the Ethisphere Institute.
- In 2003 Westpac was the first Australian bank, and one of only ten founding signatories globally to sign the Equator Principles, a voluntary global set of guidelines developed for managing social and environmental issues related to the financing of projects. Today there are over 50 signatories worldwide.
- Westpac reduced emissions by 40% between 1996 and 2008, and is targeting a further 30% reduction by 2013³.
- Westpac has been recognised as a global leader in sustainability by the Dow Jones Sustainability Index for the 8th year running⁴.
- In 1991 Westpac was one of six founding members of the United Nations Environment Programme (UNEP) Financial Initiative panel. This was in response to a request from the Executive Director of UNEP to a handful of banks with an awareness of environmental issues, to prepare input to the Rio Summit. Today there are over 250 institutions, in more than 45 countries, signed up to the UNEP Financial Initiatives Code of Conduct.
- Our corporate governance performance has been top-rated (10.0) for nineteen consecutive assessments by GovernanceMetrics International⁵.
- Sustainability considerations embedded into business strategy and project investment processes, retail product development and project financing.

³The Westpac Group, Annual Review and Sustainability Report 2009.

⁴Dow Jones Sustainability Index Sector Overview: Banks, as of September 21, 2009.

⁵GovernanceMetrics International, September 2009.

Managing the risks and opportunities posed by climate change will be a defining factor in achieving long term profitability.

Globally respected

Understanding emerging markets and regulatory frameworks

Westpac is globally respected for our strength on the issue of climate change. We continue to be at the forefront of sustainability and climate change policy developments and engage with government and industry at all levels on emerging markets and regulatory frameworks.

Policy and regulatory frameworks in response to climate change are continuing to solidify, particularly around emission limits, carbon market mechanisms and energy efficiency management programs.

Within Australia, corporations are required to report under the National Greenhouse and Energy Reporting (NGER) framework, and national debate continues over the introduction of the Carbon Pollution Reduction Scheme (CPRS) market mechanism.

Within New Zealand, amendments to the New Zealand Emission Trading Scheme (NZ ETS) have been finalised and the scheme is now rolling out across industry as trading gains momentum.

We are well placed to work with our clients to manage future and emerging trends on carbon trading and climate change risks and opportunities more broadly

Commodities, Carbon and Energy (CCE)

Westpac's Commodities, Carbon and Energy (CCE) group provides full service commodity price risk management solutions to producers,

traders and consumers across a broad range of commodity and power markets.

The CCE group is an active price maker in commodities, trading and warehousing risk in all the major sectors, competing daily against other global institutions and investment banks.

Westpac has been trading carbon since 2006. We offer a full range of solutions across the Australian, European and New Zealand carbon markets. This includes spot, forward, derivative and structured contracts for Australian Emission Units, New Zealand Units, European Union Allowances, Certified Emission Reductions and Emission Reduction Units in a range of currencies.

Westpac has been responding to the challenges of climate change on our business for over 15 years and has been globally recognised for our capabilities in managing the emerging risks and opportunities in this field. Westpac has the experience and the expertise to assist our transition to a carbon constrained economy.

Westpac's Energy team has been trading in the National Electricity Market (NEM) since 1999 and has consistently been the single largest financial intermediary in the derivative wholesale swaps market.

This expertise and flow facilitates the offering of a broad range of products designed to assist customers in managing their electricity price exposures, for OTC swaps and options across regions, through to carbon pass-through contracts designed to separate electricity and carbon price risk management.

Westpac has a team of experts dedicated to providing clients with innovative solutions tailored to the challenges faced by businesses today.

If you would like to speak with an expert regarding Westpac's carbon or sustainability capabilities, please contact:

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