

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Westpac

Westpac30QW: What analysis has the bank done on the implications of any of these pathways for fossil fuel investments and what implications does this have for the bank?

Answer: As discussed in our response to 27QW, Westpac is committed to supporting the transition to a net zero emissions economy by 2050.

The transition will happen over time and as a major financial institution, we recognise we have an important role to play in supporting the economy to make this transition sustainably.

This means that we are committed to supporting the sectors that will drive the transition, including through our lending to CleanTech and the environmental services, as well as supporting our customers in emission intensive sectors to understand the impacts of climate change and transition their businesses.

We have risk management framework processes which we apply across all transactions. This policy requires that environmental, social and governance (ESG) risk, including climate risk, is considered in each stage of our credit assessment process.

This means that for emissions intensive sectors, we examine the extent to which companies' pathways are compatible with a two degree economy.

We also encourage emissions intensive customers to assess the impacts of a two degree economy on their own businesses.

If we're not comfortable with the risk profile of a company or project, including environmental risks, we will not proceed with the transaction.