

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

#### Westpac

**Westpac32QW:** Does the bank consider it consistent with your commitment to the two degree target to finance:

- (a) New fossil fuel projects; or
- (b) Expansion of fossil fuel projects; or
- (c) New coal fired power generation; or
- (d) Existing coal fired power generation?

**Answer:** Westpac is committed to supporting the transition to a net zero emissions economy. This 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.

As discussed in our response to 30QW, 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.

At this point in time, it is not practical to stop financing certain activities/sectors. This may change in the future, but at the moment, we're taking a balanced approach.

All of our lending decisions must comply with our strict guidelines. For emissions intensive sectors, we examine the extent 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 business

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

We will continue to refine our approach as technology, policy (both globally and domestically) and climate science evolves.