

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Westpac

Westpac61QW: How regularly and with what specific frequency does the Bank's senior executives formally meet to address risk factors and ensure the implementation of risk mitigation factors?

Who is accountable at a senior executive level for the implementation of such risk mitigation mechanisms?

Answer: Effective risk management including a sound risk culture is one of the keys to achieving our vision to be one of the world's great service companies as it influences our customers' experiences, the public's perceptions, our financial performance, our reputation and our shareholders' expectations. It is critical to our future success. We regard managing risk as a core discipline performed at all levels of the Group.

The CEO and the Executive Team are responsible for implementing our risk management strategy and frameworks and for developing policies, controls, processes and procedures for identifying and managing risk in all of Westpac's activities.

Risk mitigation factors are discussed in a number of different forums where risk classes are addressed and monitored. These forums include:

- The monthly Board meeting, where the full Board receives updates on key risk issues;
- The quarterly Board Risk and Compliance Committee (BRCC) meetings;
- The quarterly Group Risk and Compliance Committee and Divisional Risk and Compliance Committee meetings;
- Regular meetings of members of the Group Executive team including the Chief Executive Officer, Chief Risk Officer and Group General Counsel and Chief Compliance Officer; and
- Escalation of risk issues to the Board and Executive Team as required in response to risk or compliance issues or incidents.

Detail is provided in the Westpac 2016 Corporate Governance Statement on the roles and responsibilities of the Board, BRCC and Executive Team in managing risk, including in implementing risk mitigation strategies, as well as on Westpac's risk management governance structure. Of note, the CEO and the Executive Team are responsible for implementing the risk management strategy and frameworks, and for developing policies, controls, processes and procedures for identifying and managing risk in all of Westpac's activities. There is also a practice of ensuring clear and specific accountabilities for responsible Group Executives for each area of our business.