Notice to company pursuant to ss 249N & P of the Corporations Act 2001 (CA)

I/we .... [name of 'shareholder']

of ....

... [address]

identified by the Holder Identification Number (HIN) or Shareholder Reference Number (SRN) .... [HIN or SRN]

in respect of any holding of the shareholder's Westpac Banking Corporation ('WBC' or 'the company') ordinary fully paid shares;

hereby give notice to the company in accordance with sections 249N & P of the CA of: the following resolutions (1: Amendment to the Constitution, 2: Transition Planning Disclosure) the shareholder proposes to move at a general meeting of the company; and request in accordance with section 249P that the company give to all members each of the Supporting Statements following the resolutions.

SIGNED

…………………………………………………	…………………………………………………
(Signature of individual Shareholder† /company director)	(Signature of second shareholder in a joint holding/for a company second director or company secretary)

† Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

Resolution 1 – Amendment to the Constitution
Insert into the Constitution in clause 7 'General meetings' the following new sub-clause 7.3A 'Advisory resolutions': "The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. Such a resolution must relate to a material risk identified by the Directors or the Company and cannot advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company."

Resolution 2 – Transition Planning Disclosure
Shareholders request the company disclose in annual reporting from 2020 strategies and targets to reduce exposure to fossil fuel (oil, gas, coal) assets in line with the climate goals of the Paris Agreement, including the elimination of exposure to thermal coal in OECD countries by no later than 2030.

(Westpac Banking Corporation's Notice of 2019 Annual General Meeting is to include Resolutions 1 and 2. Shareholders voting by proxy can vote on both resolutions.)

Supporting Statement 1
Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian cousins in this respect.

A board of Directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In rare situations the appropriate course of action for shareholders dissatisfied with the conduct of board members is to seek to remove them. But in many situations such a personality-focused approach is unproductive and unwarranted. In those situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings such as the AGM to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

The Constitution of Westpac is not conducive to the right of shareholders to place resolutions on the agenda of a shareholder meeting.

In our view, this is contrary to the long-term interests of Westpac, the Westpac board and all Westpac shareholders.

Passage of this resolution – to amend the Westpac constitution – will simply put the company in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand.

We encourage shareholders to vote in favour of this resolution.

Supporting Statement 2
Despite committing to support the climate goals of the Paris Agreement, Westpac has failed to align its lending practices or policies with these goals.

Westpac must disclose strategies and targets to reduce exposure to fossil fuels in line with the climate goals of the Paris Agreement, or risk exposing itself and shareholders to needless transitional climate risk.

<u>Westpac being left behind</u>
Signed by 197 nations, the Paris Agreement aims to limit "the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C."[1]

Major financial institutions have called for action to reduce emissions in line with the Paris climate goals, including the phase out of coal power in OECD countries by 2030. Signed by 515 investors representing over US$35 trillion in assets, the Global Investor Statement to Governments on Climate Change requests governments "phase out thermal coal power

[1] https://unfccc.int/sites/default/files/english_paris_agreement.pdf, art 2(1)(a)

worldwide by set deadlines."[2] Its accompanying Briefing Paper clarifies these deadlines, including the elimination of coal power in OECD countries by no later than 2030.[3]

Commonwealth Bank has committed to "reduce our exposures to thermal coal mining and coal fired power generation, with the view to exiting the sector by 2030."[4] Similarly, QBE will no longer insure new thermal coal projects, and will phase out all direct insurance services to thermal coal customers by 2030.[5]

A Paris-aligned energy transition also requires significant declines in oil and gas use. The IPCC's Special Report on Global Warming of 1.5°C demonstrates that the role of gas for primary energy must decline globally by 25% by 2030 (from a 2010 baseline), with oil's role in primary energy falling 37% over the same time frame.[6]

Westpac's current activities

Despite the rapid declines in fossil fuel use that can be expected under a Paris-aligned transition, there is no clear trajectory that reflects this from our company's loan book. Westpac's total committed exposure (TCE) to coal mining was greater in 2018 ($1.4 billion) than in 2015 ($1.3 billion) and fluctuated significantly during that period, between $0.58 billion in 2017 and $1.4 billion in 2018.[7]

Westpac continues to finance the expansion of the fossil fuel industry. In 2018, Westpac co-financed a $720 million deal to Coronado Global Resources. Coronado's contract to supply thermal coal via the Curragh coal mine to the Stanwell power station in central Queensland is expected to keep Stanwell operating well beyond the investor-backed 2030 deadline for OECD countries to phase out coal power. In April 2016, Westpac contributed to a deal to enable InterOil to develop one of Asia's largest untapped gas fields, Elk-Antelope in Papua New Guinea. The project is expected to facilitate 342 Mt of CO_2 emissions over its lifetime.[8]

Westpac also lends against the balance sheets of companies such as Whitehaven Coal and Woodside Petroleum, whose plans to significantly increase fossil fuel production are entirely inconsistent with the Paris climate goals. Whitehaven justifies its expansion plans with energy demand projections that are consistent with 3°C of warming by 2100,[9] while

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2 https://theinvestoragenda.org/focus-areas/policy-advocacy/
3 https://theinvestoragenda.org/wp-content/uploads/2018/05/GISGCC-briefing-paper-FINAL.pdf
4 https://www.commbank.com.au/content/dam/commbank/about-us/download-printed-forms/environment-and-social-framework.pdf
5 http://qbe.com/media-centre/qbe-group-energy-policy
6 https://www.ipcc.ch/sr15/
7 https://www.2018annualreport.westpacgroup.com.au/downloads/2018-Sustainability-Performance-Report.pdf (slide 83)
8 https://www.marketforces.org.au/campaigns/banks-new/twodegrees/
9 http://www.whitehavencoal.com.au/wp-content/uploads/2018/09/WVN_224754_Annual-Report-2018_LR_FA-3.pdf

Woodside's capital expenditure plans have been found to be incompatible with the Paris Agreement.[10]

Financial risks and regulatory scrutiny

In June 2017, the Task Force for Climate-related Financial Disclosures (TCFD) published its final recommendations, designed to allow investors to "appropriately assess and price climate-related risk and opportunities."[11]

Recognising "Banks are exposed to climate-related risks and opportunities through their lending and other financial intermediary activities as well as through their own operations," the TCFD recommends:

Banks should provide the metrics used to assess the impact of (transition and physical) climate-related risks on their lending and other financial intermediary business activities in the short, medium, and long term.[12]

The TCFD also states: "Organizations should describe their key climate-related targets... in line with anticipated regulatory requirements or market constraints or other goals."

Westpac claims to "align with and support" the TCFD.[13] However, after two years, shareholders are still in the dark about the specific, measurable impacts of climate risk facing our company. Westpac is falling behind competitors like Commonwealth Bank, which has been disclosing measurable risks for two reporting cycles.

Adoption of this resolution would ensure Westpac discloses metrics and targets to demonstrate effective management of financial climate change transition risks, in line with the TCFD recommendations and previously stated investor expectations.

Australian regulators have been calling for robust climate risk management from financial institutions. APRA has warned "Some climate risks are distinctly 'financial' in nature. Many of these risks are foreseeable, material and actionable now."[14] APRA Executive Board Member Geoff Summerhayes has since said: "APRA wants to see continuous improvement in how organisations disclose and manage these [climate] risks over coming years."[15]

ASIC in September 2018 stated: "Climate change is a foreseeable risk facing many listed companies... Directors and officers of listed companies need to understand and continually

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[10] https://www.carbontracker.org/wp-content/uploads/2019/09/CTI_Breaking_the_Habit_Report_6.pdf
[11] https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062817.pdf
[12] https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Annex-062817.pdf
[13] https://www.westpac.com.au/about-westpac/investor-centre/environmental-social-governance/
[14] https://www.apra.gov.au/media-centre/speeches/australias-new-horizon-climate-change-challenges-and-prudential-risk
[15] https://www.apra.gov.au/media-centre/media-releases/apra-step-scrutiny-climate-risks-after-releasing-survey-results

reassess existing and emerging risks (including climate risk) that may affect the company's business. This extends to both short-term and long-term risks."[16]

It has also been found that the OECD Guidelines for Multinational Enterprises (which Westpac is subject to) require banks to formulate concrete climate goals for their financial services.[17]

Investor support required

Despite its stated support for the Paris Agreement, Westpac remains an active investor in an expanding fossil fuel sector, further exposing shareholders to financial risks associated with the economic transition required to meet the Paris Agreement's climate goals.

We urge shareholders to vote in favour of this resolution, and expect the many institutional investors already outspoken on this issue to offer their support.

[16] https://download.asic.gov.au/media/4871341/rep593-published-20-september-2018.pdf
[17] https://www.oecdguidelines.nl/documents/publication/2019/04/19/ncp-final-statement-4-ngos-vs-ing