



Company	Westpac Banking Corporation
Code	WBC
Meeting	AGM
Date	11 December 2020
Venue	Online
Monitor	Carol Limmer and Lewis Gomes

Number attendees at meeting	12 Proxyholders, 127 shareholders and 1,118 visitors
Number of holdings represented by ASA	1,058
Value of proxies	\$129.2m
Number of shares represented by ASA	6.46m (equivalent to 14th largest holder in Top 20 list)
Market capitalisation	\$72.05 bn
Were proxies voted?	Yes, on a poll
Pre- AGM Meeting?	Yes, with Board Chair, John McFarlane and Head of Investor Relations, Andrew Bowden

A year to forget for Westpac with hopes for improvement through still challenging times.

WBC AGM meeting this year lasted about 3 hours – reasonably long for a virtual meeting but a lot shorter than last year’s marathon 6 hours when shareholders certainly vented their anger over the AUSTRAC debacle. There have been many changes since then – new Board Chair, new Non-Executive Directors - NEDs (Chris Lynch and Michael Hawker) and a few more to come as well as new CEO and significant changes in senior management team. Alison Deans stepped down from her Director role at the AGM and NEDs, Lindsay Maxsted (former Chair), Ewen Crouch and Anita Fung, stepped down during the year.

Meeting was well handled by Chair, John McFarlane (and other NEDs and CEO who answered some questions). Information available prior to the meeting clearly set out AGM procedures and this was reinforced at times during the meeting.

There were addresses by the Chair and CEO and these are available on WBC website as are Minutes from 2019 AGM. Among highlights in addresses were mention that 2020 has been a year like no other with natural disasters and global pandemic and acknowledgement that WBC itself has also faced tough realities, particularly shortcomings in their management of risk and compliance. Chair said that WBC has reset their strategy, made management changes and launched a program to reform the way they do things. They are also continuing process of

renewing the Board, its Committees and its approach to oversight. Mr McFarlane said that meaningful change takes time and persistence and asked for shareholders' patience during this challenging period. He acknowledged that it has been a disappointing year for shareholders and apologised on WBC's behalf.

On dividends, he mentioned there was a constraint on the final dividend by the regulatory cap of 50% of statutory profits but that going forward WBC is hopeful of return to a more consistent dividend each half.

CEO, Peter King, recapped on the AUSTRAC shortcomings and mentioned the reviews undertaken, consequences applied and the commencement of addressing issues. He said that shareholders were rightly disappointed, it should not have happened and apologised. He mentioned that the civil penalty and COVID resulted in lower dividends which was difficult for many.

In terms of rebuilding, AUSTRAC has been a catalyst for change and going forward WBC will be operating under mantra of FIX, SIMPLIFY and PERFORM. In short, 1st priority is FIX - fix the shortcomings, improve customer experience and reduce complexity of systems. 2nd priority of SIMPLIFY is focussed on exiting some businesses and implementing a lines of business operating model to speed up decision making and improve end-to-end accountability. The 3rd priority is PERFORM – will be aiming to improve performance by building customer loyalty and growth through service, sharpening focus on returns and resetting cost base.

One positive was assistance WBC was able to provide the customers through bushfires, storms and the pandemic. Another is that WBC still has a reasonable balance sheet position.

Answers to some questions from shareholder prior to meeting were covered in opening presentations. AGM was dominated by huge number of questions from attendees concerned about climate change, especially fossil fuel issues. Their concerns were handled tactfully by the Chair who often referred to WBC's Sustainability Statement. Among other questions/comments was compliment on how easy it was to login and participate at AGM; accountability of Board and executives and any STI consequences (Answer (A.) adjustments made where possible); whether extensive use of expensive consultants was being used (A. only where necessary); whether FIX, SIMPLIFY, PERFORM is just a PR exercise developed at cost by consultants (A. no - led by CEO at no cost); why Financial Crime Committee was dissolved in June (A. only needed as separate Committee with specialist attention whilst other committees were busy with other priorities and it is now fully integrated with Risk and Compliance); does multi-brand strategy work (A. yes, covers differing needs in the market); action with transactions related to cultural heritage sites (A. If not comfortable with transaction will not proceed with it); and responsible lending (A. bottom line is no lending when seen as inappropriate).

All questions raised by ASA were specifically acknowledged and addressed. ASA raised members' concern about liquidity ratio add-on recently imposed by APRA and this issue just recently coming to notice (A. raised without warning from APRA, well after WBC self-reported and fixed and with no real effect on WBC as liquidity requirements well-covered); WBC intentions about capital raised by recent and possible future business divestments eg likelihood of future return of capital to shareholders and/or increased level of future dividends (no promise but WBC fairly confident of return to consistent dividends); disappointment of members not being previously informed about need for enforceable undertaking and its terms and why WBC did not have plans acceptable to APRA already in place (A. again raised without notice by APRA); likely budget and over what time

frame for implementation of required major new IT systems (A. likely cost of about \$1.7bn pa for at least next few years); seeking assurance on comprehensive review of remuneration framework and regard for long term (LT) interests of shareholders (A. will be reviewed in 2021, will consult with stakeholder groups, LT interests of shareholders will be considered and regard will be paid to APRA standards when finalised); and to what extent Mr Peter Nash was aware of AUSTRAC failings during his 1st term as NED and did he address concerns (see comments below).

All NEDs standing for election/re-election personally addressed shareholders on the skills, knowledge and experience they bring to and complement the WBC Board overall. John McFarlane spoke about Peter Nash, saying that he had only joined the Board in 2018 just as AUSTRAC matters were coming to Board's attention, had led a lot of the work around dealing with Westpac's troubles and added that Mr Nash provides significant value as a Board member. Coming to the meeting ASA was undecided in relation to Peter Nash and the Remuneration Report given the 2 recent revelations concerning Liquidity Ratio and Enforceable Undertaking. However, as the meeting progressed and given the explanations from WBC, ASA voted FOR both motions. The 2 external candidates for Board roles also spoke to shareholders about how they could add to Board effectiveness.

Voting was more positive than last year – Equity Grant to CEO - 98.52% FOR, Remuneration Report - 97.66% FOR, Peter Nash – 87.1 % FOR, John McFarlane - 94.73 % FOR, Chris Lynch – 99.58 % FOR and Michael Hawker – 99.55% FOR. The Non-endorsed Board candidates received just over 1% FOR.

There was a small amount of media coverage following the meeting. With headings such as 'Westpac under dividend pressure', 'Dividend vow revives investor Westpac faith' and 'Westpac flags 'predictable' dividend policy'.