

ATTACHMENT A

**LETTER TO MR BRIAN HARTZER,
CHIEF EXECUTIVE OFFICER, WESTPAC,
DATED 2 AUGUST 2016**

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Mr Brian Hartzler
Chief Executive Officer
Westpac
GPO Box 1
Sydney NSW 2001

Dear Mr Hartzler,

Environment Performance Improvements and Fossil Fuel Related Investments

The City of Sydney has a long standing commitment to reducing the greenhouse gas emissions of its own operations and the Local Government Area (LGA) by 70 per cent on 2006 levels by 2030.

Our operations became carbon neutral in 2007 and we were the first government in Australia certified as such in 2011. Since 2006, our organisation's greenhouse gas emissions have reduced by 26 per cent and emissions across our local government area have reduced by 19 per cent amid strong growth in population and worker numbers.

The City continues to work toward environmental performance in three ways;

- Undertaking actions to improve environmental performance in the City's own operations,
- Undertaking actions to support and influence for improved environmental performance across the LGA, and
- Advocating for improvement by other levels of government, the private sector and the community.

In regard to this third strategic initiative, the City would like to again advocate for the development of investment products that exclude the funding of fossil fuel related activity. We would like to understand Westpac's position in this regard and reiterate our interest in fossil-free banking products.

Our Investment Policy and Strategy, endorsed annually by Council, encourages investments in sustainable investments provided that they meet the risk and return requirements of other investments. At the July 2016 Council, information was presented to Council that a revised Investment Policy would be brought for approval following the election to strengthen this commitment to "preference" for sustainable investments where returns are risk are equivalent and clarify that the list of environmentally harmful activities includes coal, gas and oil.

The scope of Council's investments and the wider NSW local government sector is limited. It is mandated under the Local Government Act 1993, through a Ministerial Investment Order, that constrains Council investments to deposits and / or bonds in Federal, State (including NSW TCorp) or Local governments and in banks that are Approved Deposit-taking Institutions under the Banking Act. Councils are not permitted to invest in equities and therefore not permitted to invest directly in individual companies.

You may be aware that we meet regularly with representatives of Westpac, and our other investment partners, to understand whether any suitable products have become available and to clearly articulate our ongoing interest. We are also in regular contact with our colleagues in the Local Government sector both in NSW and other states regarding non-fossil fuel related investment opportunities. There is wide spread interest in such investments.

You may well be aware that Melbourne City Council recently passed a resolution that stated *"when the transactional banking services and financial facilities are next tendered, respondents will be requested to complete a questionnaire on their exposure and support to the fossil fuel sector. These responses are to be taken into consideration when deciding to award the transactional banking services contract."*

As the City's long standing transactional banking service provider, and a recipient of our investments, we have a close relationship and the City would therefore like to understand the actions that Westpac is undertaking to ensure improved environmental performance within its own operations and more broadly.

I have attached the City's Environmental Action 2016 – 2021 Strategy and Action Plan in order to share with you what we are doing to improve environmental performance in addition to some of the advocacy work noted above.

Some of the key actions in the City's own operations include:

- Additional solar power on City buildings and purchase of renewable energy generated outside the local area.
- Installation of trigeneration at Town Hall House and cogeneration at aquatic centres.
- Continue energy and water efficiency retrofits in City properties.
- Sustainable asset management and capital works process improvements.
- Continue to increase canopy cover and biodiversity through plantings of trees and habitat vegetation.
- Continue to maintain our parks to best-practice standards and connect more parks to alternative water supplies.

Some key actions to support and influence for improved environmental performance across the LGA include:

- An energy retrofit program for residential apartment buildings.
- Encouraging improved environmental outcomes through City planning controls.
- Facilitating a private water utility to deliver recycled water at greater Green Square.
- Working with the NSW Government to provide recycled water pipes along the George Street light rail corridor.
- Developing Waste Strategy in consultation with stakeholders.
- Support for the transformation of George Street.

I look forward to hearing from you in the near future.

Yours sincerely



Monica Barone
Chief Executive Officer

Encl.