

BOARD CHARTER

Westpac New Zealand Limited

1 November 2023



Purpose.

1. This Board Charter (**Charter**) sets out the role, responsibilities, structure, and processes of the Board of Westpac New Zealand Limited (**WNZL**) (**Board**).

Role and responsibilities.

2. The business and affairs of WNZL must be managed by, or under the direction or supervision of, the Board. The Directors must act in good faith and in what they believe to be the best interests of WNZL as required by WNZL's Conditions of Registration, its Constitution and the Companies Act 1993. In doing so, the Board will provide leadership and strategic guidance for WNZL and its subsidiaries and effective oversight of management. In performing its role, the Board aspires to excellence in governance standards.
3. The key responsibilities of the Board are as follows:

Strategy and Governance.

- (a) Approving, and overseeing management's implementation of, the strategic direction of WNZL and significant corporate strategic initiatives for WNZL, including considering WNZL's Environmental, Social and Governance obligations and sustainability strategy and emerging risks.
- (b) Overseeing the implementation of WNZL's governance frameworks, monitoring the effectiveness of governance practices and considering emerging governance issues and trends.

Financial.

- (c) Approving WNZL's annual budget, in consultation with Westpac Banking Corporation (**WBC**), and monitoring financial performance against the approved budget.

- (d) Approving WNZL financial statements and Disclosure Statements, and reviewing the financial results for the NZ Banking division of WBC (at least quarterly).
- (e) Approving appropriate accounting policies and overseeing the performance of appropriate controls and processes, to ensure integrity in WNZL's financial and non-financial reporting systems, and in the timeliness and balance of corporate disclosures.
- (f) Reviewing and approving (in accordance with WNZL's Conditions of Registration, the Constitution and the WNZL Dividend Policy) the amount, nature, and timing of dividends to be paid.
- (g) Overseeing tax matters including tax risk.

Risk.

- (h) Considering and approving WNZL's Risk Appetite Statement, having regard to the WNZL Risk Management Strategy and frameworks for managing all categories of risk as relevant to WNZL.
- (i) Monitoring the effectiveness of risk management frameworks and the progress of significant risk management and remediation programmes, including satisfying itself through appropriate reporting and oversight that appropriate internal control mechanisms are adequate and effective.
- (j) Assessing and determining whether to accept risks beyond the authority provided to management.
- (k) Overseeing WNZL's insurance coverage.

Organisational Culture and Risk Culture.

- (l) Overseeing WNZL's organisational culture (including risk culture) including championing the relevant behaviours and setting an appropriate tone from the top.

- (m) Promoting an effective risk culture, including by:
 - (i) overseeing the extent to which that risk culture supports the ability of WNZL to operate consistently within WNZL's Risk Appetite Statement, and
 - (ii) overseeing any desirable changes to the risk culture.

External Auditor.

- (n) Ensuring an open, transparent and timely dialogue with the external auditors and, where appropriate, principal regulators, supporting the Board to monitor compliance with all regulatory requirements.
- (o) Approving the appointment and termination of the external auditor (including associated recommendations to WNZL's shareholders for approval), and in conjunction with the Board Audit Committee, overseeing the performance and ongoing independence of the external auditor.

Internal Auditor.

- (p) Selecting, appointing and determining the terms of appointment (including associated remuneration), and removal of, the Chief Internal Auditor, and in conjunction with the Board Audit Committee, overseeing the performance and ongoing independence of the internal audit team.

Sustainability.

- (q) Approving WNZL's sustainability strategy and oversight of the social, ethical, and environmental impact of WNZL's activities, including climate-related risks and opportunities, setting standards and targets where appropriate, and monitoring compliance with WNZL's sustainability policies and practices, to

promote WNZL's long-term resilience to climate risks.

- (r) Approving applicable material WBC Environmental, Social and Governance position statements and material WNZL action plans, and monitoring compliance with relevant position statements and WNZL action plans.
- (s) Approving WNZL's climate statements that are required by climate-related disclosure obligations.

Non-executive Director Remuneration.

- (t) Approving the remuneration payable to Non-executive Directors, subject to the approval of WBC Board and payment of the remuneration being fair to WNZL.

Chief Executive Appointment and Performance.

- (u) Appointing and determining the terms of appointment of WNZL's Chief Executive (CE) and making decisions relating to the employment or termination of employment of the CE, in each case, in consultation with WBC.
- (v) Determining the corporate goals and objectives relevant to the remuneration of the CE and evaluating the performance of the CE considering these goals and objectives, in consultation with WBC.

Remuneration.

- (w) Approving the Remuneration Policy for WNZL and the over-arching governance of WNZL's remuneration arrangements, including its compliance with applicable New Zealand laws and regulatory standards and supporting WBC's compliance with Australian Prudential Regulation Authority and other legal requirements, and having regard to WBC policies.

- (x) Approving adjustments to variable remuneration in accordance with the WNZL Remuneration Policy.
- (y) Approving the annual fixed remuneration budget for non-collective agreement covered roles, and short-term incentives/variable rewards pool.¹

Executive Team and Organisation Structure.

- (z) Reviewing succession plans for the CE and members of executive management.
- (aa) Maintaining oversight of whether the CE and members of executive management have the skills, knowledge, and resources to perform their required tasks effectively, including risk management related tasks.
- (bb) Establishing and approving significant changes to, WNZL's organisational structure, including considering any impact on WNZL's risk profile or effective risk management practices.

Policies and Compliance Oversight.

- (cc) Approving policies and frameworks required to be approved by the Board.
- (dd) Providing oversight and monitoring of Health, Safety and Wellbeing issues and considering appropriate reports and information.
- (ee) Providing oversight and monitoring of WNZL's compliance with its obligations under the Credit Contracts and Consumer Finance Act 2003.
- (ff) Approving WNZL's Code of Conduct.
- (gg) Overseeing regulatory change, compliance with applicable laws and regulations, and the management of material litigation.

- 4. Without derogating from their obligation to satisfy themselves that all decisions are in the best interests of WNZL, Directors may consult with and consider WBC's views and policies.

Role of and delegation to Chief Executive.

- 5. The CE is responsible for the development of strategic objectives for the business and the achievement of the planned results for WNZL.
- 6. Management of WNZL's day to day operations is undertaken by the CE, subject to specified delegations of authority approved by the Board.
- 7. Any matters or transactions outside the delegations of authority must be referred to the Board or appropriate Board Committee for approval.
- 8. The CE, in consultation with the Board Chair, is responsible for ensuring the Board has the information necessary to enable effective decision-making and that agendas are structured to ensure cohesion across items and with Board committee agendas where matters are referred, and appropriate focus on priority topics.
- 9. Management is responsible for the preparation, presentation, quality and integrity of information provided to the Board. The Board may request access to any information it considers necessary to perform its role.

¹ Budgets for collective agreement covered roles, including both union and non-union employees, are approved by the WNZL CE.

Board size and composition.

10. The Board is responsible for:
 - (a) assessing the skills required to discharge competently the Board's duties in conjunction with the Board People and Remuneration Committee, having regard to WNZL's performance, financial position and strategic direction, including specific qualities or skills that the Board believes are necessary for Directors to possess;
 - (b) identifying and evaluating possible future Directors to be appointed to the Board in conjunction with the Board People and Remuneration Committee, and in doing so, considering the optimal size, composition and mix of skills, experience, expertise and diversity necessary for an effective Board; and
 - (c) making recommendations to WBC for the appointment, renewal of appointment or removal of Directors subject to the Reserve Bank of New Zealand having advised that it has no objection to that appointment.
11. Collectively, the Board members should have a broad range of financial, strategic, risk management and other relevant skills, experience and knowledge necessary to guide the business of WNZL and otherwise meet the expectations set out in relevant regulatory requirements.

Chair.

12. The Chair will be an Independent Non-executive Director and is appointed and may be removed in accordance with the Conditions of Registration and the Constitution.
13. The Chair is responsible for:
 - (a) fostering a constructive governance culture and overseeing the Board's performance of its role in accordance with this Charter;
 - (b) leading the Board, facilitating the effective contribution of all Directors and

promoting a constructive and respectful relationship between the Board and management; and

- (c) the conduct of all Board meetings (in consultation with the CE and WNZL Group Company Secretary) including promoting effective decision making, and being satisfied that the agendas are comprehensive, that all agenda items and attendees are appropriate and that recommendations fit within the broad strategic direction set by the Board.

Company Secretary.

14. The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, and relevant statutory and other filings.
15. All Directors shall have direct access to the Company Secretary.

Board committees.

16. The Board has established Board Committees and delegated certain powers and authorities to those Board Committees as set out in their respective charters, to assist the Board in exercising its authority and responsibilities.
17. The standing Board Committees are:
 - (a) Board Audit Committee;
 - (b) Board Risk and Compliance Committee;
 - (c) Board People and Remuneration Committee; and
 - (d) Board Technology Committee.
18. The Board may establish ad hoc Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.
19. The Board will approve the charters of standing and ad hoc Board Committees, which will set out the roles and responsibilities of each Board Committee and any Board to Board-Committee delegations.

20. The Board will determine the membership and composition of Board Committees, having regard to workload, skills, experience, succession planning and any regulatory requirements.
21. The Board will monitor the exercise of authorities delegated to the Committee by reasonable methods, including through regular reports on Board Committee proceedings from the Board Committees to the Board.
22. Board Committee papers will be made available to non-member Directors for the purpose of reviewing the decisions of the Board Committees of which they are not members.

Board meetings.

23. It is anticipated that the Board will meet at least seven times a year, with the frequency and type of such meetings being determined by the Chair. The provisions relating to the Proceedings of Board, set out in clause 16 of the Constitution, apply.
24. The Board will regularly meet without executive management (other than the CE).
25. Non-executive Directors will regularly meet without executive Directors or other management representatives present.
26. The Chair and other members of the Board will be available to meet with WNZL's regulators on request.
27. The Board may request any officer or employee of WNZL, external legal counsel or any person or group with relevant experience or expertise to attend meetings of the Board or to meet with any members of, or advisers to, the Board.
28. A quorum for any meeting of the Board will be a majority of Directors, and at least half of whom must be independent and entitled to vote on the matter.
29. Where approvals are granted outside a meeting of the Board, a report is to be provided to the next meeting of the Board.

Reporting.

30. The Board will send to the WBC Board all agendas and minutes of Board meetings and Board Committee meetings and any other information concerning the Board's activities which the WBC Board may request, subject to any legal or regulatory requirements which may prevent disclosure.

Director independence.

31. Independence of Directors (including the Chair) will be assessed (and reassessed at least annually) in accordance with applicable regulatory requirements.
32. The Board collectively and each Director individually, has the right to seek independent professional advice at WNZL's expense, subject to the approval of the Chair, or the Company Secretary.

Board performance.

33. The Board will assess and review the performance of the Board, Board Committees, and individual Directors annually.

Expectations of Directors.

34. Board members are expected to observe the highest standards of ethical behaviour.
35. Board members are expected to comply with the WNZL Code of Conduct and any other WBC and WNZL policies and protocols that apply to Directors, to the extent applicable and subject at all times to clause 4 above.
36. The Board supports and encourages policies within WNZL which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings.
37. Each Director, supported by the Chair and management, is responsible for undertaking appropriate training as necessary to maintain their effectiveness as a Director.

Conflicts of interest

38. Directors are expected to avoid any action, position or interest that conflicts with an interest of WNZL (or gives the appearance of a conflict).
39. A Director who has a material interest in a matter that relates to the affairs of WNZL must give the other Directors notice of such interest. Declared interests will be dealt with in accordance with any applicable policies.
40. The Company Secretary will maintain a register of declarations of interest by Directors and report them to the Board as necessary.

Review of charters.

41. Board and Committee Charters will be reviewed every two years or as required.



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