



CLIMATE REPORT

Westpac Banking Corporation, New Zealand.

For the year ended 30 September 2024

IMPORTANT INFORMATION

This important information should be read together with the important assumptions and limitations throughout this report to aid your understanding.

Westpac Banking Corporation's (WBC) New Zealand Climate Report presents information on WBC's New Zealand business, comprising WBC's New Zealand Branch (WBC NZ Branch) and certain New Zealand subsidiaries of WBC. The New Zealand subsidiaries are:

- Westpac New Zealand Group Limited
- BT Financial Group (NZ) Limited
- Westpac Financial Services Group-NZ-Limited
- Westpac Group Investment-NZ-Limited
- Westpac Holdings-NZ-Limited
- Westpac Capital-NZ-Limited
- Westpac Equity Investments NZ Limited

None of these subsidiaries undertakes any business activities that would give rise to material climate related risks, opportunities or emissions. Accordingly, this Climate Report focuses solely on the business of WBC NZ Branch.

This report does not include climate-related disclosures for Westpac New Zealand Limited (Westpac NZ) and its subsidiaries or BT Funds Management (NZ) Limited. While these entities are subsidiaries of WBC, WBC is exempt from including these entities in its New Zealand Climate Report under the Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024. Westpac NZ produces a separate climate report available at westpac.co.nz/about-us/legal-information-privacy/disclosure-statements/.

All figures and commentary relate to the full year ended 30 September 2024 (FY24) unless otherwise stated. All references in this report to \$ and dollars are references to New Zealand dollars unless otherwise stated. Where this report cross-refers to the reports or documents issued by WBC on behalf of its Group, references in those reports to \$ and dollars are references to Australian dollars.

This climate report contains climate-related and other forward-looking statements, including targets, commitments, plans, forecasts, potential impacts, and assumptions, including as to potential global responses to climate change, government policies, regulatory developments, technological developments, and future management strategies. We use words such as 'will',

'may', 'expect', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'aim', 'goal', 'target', 'probability', 'risk', 'forecast', 'projection', 'likely', 'estimate', 'anticipate', 'believe', or other similar words to identify forward-looking statements. While forward-looking statements naturally carry a degree of uncertainty, this is further exacerbated in climate-reporting given the measurement and data availability challenges highlighted above.

These forward-looking statements reflect WBC's current views, expectations and intentions at the date of this report, 29 November 2024. Although WBC considers forward-looking statements have a reasonable basis at the date of this report, these statements are not certain and are subject to known and unknown risks and uncertainties, which are, in many instances, beyond our control. These risks and uncertainties may not eventuate and may be more or less significant than anticipated. They may result in actual future results, performance, outcomes, or circumstances being materially different from those expected at the time of this climate report and may affect our ability to meet commitments or targets set out in this climate report or otherwise made by WBC. While WBC has sought to fairly present this climate-report, and has prepared this report based on our current knowledge, expectations and intentions and good faith, WBC gives no representation, guarantee, warranty or assurance about the future business performance of WBC, or that the outcomes expressed or implied in any forward-looking statement made in this document will occur. WBC does not accept any liability whatsoever for any loss arising directly or indirectly from any use of the information contained in this report. Nothing in these statements should be inferred to be capital growth or earnings guidance, or any form of financial or legal advice.

We may change our views and intentions in future as new information becomes available to us and we do not undertake to update the disclosures included in this climate report unless required to do so by law.

References to 'Westpac' and 'WBC' refer to Westpac Banking Corporation ABN 33 007 457 141 (which includes WBC NZ Branch unless stated otherwise).

References to 'Group' and 'Westpac Group' refer to WBC and its subsidiaries. References to 'we', 'us' and 'our' are to WBC NZ Branch only.

STATEMENT OF COMPLIANCE

WBC New Zealand's Climate Report for the year ended 30 September 2024 complies with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board.

WBC is a Climate Reporting Entity under the Financial Markets Conduct Act 2013. WBC is a foreign exempt New Zealand issuer and a New Zealand registered bank. As it has elected to rely on the exemptions in clause 8 and 10 of Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024, WBC is required to publish this report in relation to its New Zealand business not otherwise reported on in the climate report of Westpac NZ or the climate statements published by BT Funds Management (NZ) Limited. This report accordingly focuses on the business of WBC NZ Branch. The business of WBC NZ Branch is described in the introduction below.

Aotearoa New Zealand Climate Standards adoption provisions.

In preparing this report, WBC has elected to use the following adoption provisions from NZ CS 2 published by the External Reporting Board:

Adoption Provisions 1 and 2: Current and anticipated financial impacts – Clauses 12 (b), (c) and Clauses 15 (b), (c) and (d) of NZ CS 1.

In FY24, these adoption provisions exempt WBC from disclosing current financial impacts of climate related risks and opportunities, anticipated financial impacts of climate risks and opportunities, a description of time horizons over which the anticipated financial impacts could reasonably be expected to occur and, if relevant, an explanation as to why quantitative financial information cannot be disclosed.

Adoption Provision 3: Transition planning – Clauses 16 (b) and (c) of NZ CS 1.

In FY24, this adoption provision exempts WBC from disclosing the transition plan aspects of its strategy, including how its business model and strategy might change to address its climate-related risks and opportunities; and the extent to which the transition plan aspects of its strategy are aligned with internal capital deployment and funding decision-making processes. WBC has disclosed its progress on transition planning as required by NZ CS 2.

Adoption Provision 4: Scope 3 Greenhouse Gas emissions – Clause 22 (a) of NZ CS 1.

In FY24, this adoption provision exempts WBC from disclosing the gross Greenhouse Gas (GHG) emissions in metric tonnes of carbon dioxide equivalent (CO₂e) classified as scope 3. WBC has made disclosures regarding most of its Scope 3 operational emissions (which comprise part of Westpac NZ's Scope 3 operational emissions). However, it relies on Adoption Provision 4 in relation to certain Scope 3 operational emissions categories identified on page 43 of Westpac NZ's climate report. WBC also relies on the adoption provision in relation to scope 3 financed and facilitated emissions.

Adoption Provision 6: Comparatives for metrics – Clause 40 of NZ CS 3.

In FY24, this adoption provision exempts WBC from disclosing comparative information for each metric disclosed during its first reporting period.

Adoption Provision 7: Analysis of trends – Clause 42 of NZ CS 3.

In FY24, this adoption provision exempts WBC from providing an analysis of main trends evident from a comparison of each metric during its first reporting period.

On behalf of WBC NZ on 29 November 2024:



Christopher Leuschke
Chief Executive Officer, WBC NZ Branch

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INTRODUCTION

WBC has operated in New Zealand since 1861 (originally as Bank of New South Wales). The WBC NZ Banking Group comprises WBC NZ Branch, Westpac New Zealand Limited (Westpac NZ) and other WBC subsidiaries in New Zealand.

WBC NZ Branch provides financial markets, trade finance and international payment products and services, principally to customers in New Zealand and is a part of the Westpac Institutional Bank (WIB) division of WBC.

WBC NZ Branch outsources certain business functions (such as credit risk management services) to Westpac NZ. WBC NZ Branch also shares physical locations with Westpac NZ.



GOVERNANCE

Board oversight of climate risks and opportunities.

The WBC Board (the Board) is responsible for considering the social, ethical, and environmental impact of our activities. The Board helps to set Westpac's strategic priorities for Sustainability by approving key policies such as the Climate Change Position Statement and Human Rights Position Statement. It monitors progress against our Net-Zero Banking Alliance (NZBA) commitment, as well as overseeing risks and opportunities.

The Board Risk Committee reviews and approves the WBC Sustainability Risk Management Framework every two years and reviews the monitoring of reputation and sustainability risk performance.

Refer to page 52 of the WBC Annual Report for details on WBC's Sustainability Governance.

This report has been approved by the WBC Board, upon the recommendation of the Board Audit Sub-Committee (BASC). The BASC is a committee of the Board and receives climate related reporting, as appropriate, from WBC NZ Branch Chief Executive Officer (CEO) and WIB Chief Executive (CE). BASC makes a recommendation to the Board about the report.

Board consideration of climate risks and opportunities in relation to strategy.

The Board is responsible under its Charter for approving and overseeing management's implementation of the strategic direction of Westpac, its business plan and significant corporate strategic initiatives.

WBC's climate ambition is to become a net-zero, climate resilient bank. Working towards WBC's climate ambition means reducing the climate-change impacts of our operations, and aligning WBC's lending portfolio with net-zero financed emissions by 2050 consistent with a 1.5°C pathway in line with WBC's Net-Zero Banking Alliance (NZBA) commitment. WBC's broader strategy is described on page 12 of the WBC Annual Report, and its climate strategy (which includes climate-related opportunities) is described in more detail on pages 7 and 8 of the WBC Climate Report, including WBC's three action areas: (i) net zero, climate resilient operations, (ii) supporting customers' transition to net zero and to build their climate resilience; and (iii) collaborate for impact on initiatives toward net zero and climate resilience.

WBC NZ Branch does not have a standalone strategy but rather aligns with the WBC strategy.

As noted on page 67 of the WBC Annual Report, the Board met 15 times during FY24. Details of the frequency of the Board's consideration of climate related topics across WBC is set out below:

Board and Board Committees	Climate related topics	Period across FY24 when considered			
		Q1	Q2	Q3	Q4
Board	Strategy, targets and metrics	●	●	●	●
	General updates/training	●	●	●	●
	Climate disclosures	●			●
	Policies and Frameworks		●		●
	Remuneration matters	●			
Board Risk Committee	General updates/training	●	●	●	●
	Policies and frameworks		●	●	●
Board Audit Committee	Climate disclosures	●		●	●
Board Remuneration Committee	Remuneration matters	●	●		●

● = Climate related topic considered

Board monitoring of metrics and targets.

The Board and its Committees receive regular reports on climate-related matters from the CEO, Group Executives, and other functions.

WBC NZ Branch does not have standalone climate-related metrics and targets. Our reporting is generally aggregated with broader divisional or New Zealand geography reporting (as appropriate). Pages 52 and 53 of the WBC Annual Report and page 6 of the WBC Climate Report provide information on how the Board sets and oversees certain

targets for managing climate-related risks and opportunities, such as setting standards, monitoring compliance with Westpac's sustainability policies and practices and; receiving updates on progress against NZBA sector targets.

Board skills and competencies.

The Board uses a skills matrix to illustrate the key skills and experience the WBC Board is seeking to achieve in its membership collectively and the number of directors with each skill and experience. In relation to Board skills, the 'Environment & Social' category in the Board skills matrix reflects four Directors with 'Deep experience and knowledge' and five with general working experience and knowledge.

The skills matrix also assists to identify focus areas for the continuing education and professional development of Directors. In FY24, one of the focus areas included key environmental, social and governance topics. The skills matrix also assists to identify areas where it may be desirable for specialist external expertise to be retained to supplement the Board's skills and experience. Information on the Board's skills and competencies is included on page 50 of the WBC Annual Report.

In FY24, the Board received training on environmental and social topics, including climate change and human rights as set out in the table on page 52 of the WBC Annual Report.

Management's role.

The day-to-day management of WBC's approach to climate is the responsibility of the Westpac Group CEO and is delegated to Group Executives (including the Chief Executive, WIB) and senior management where appropriate. WBC NZ Branch management ultimately reports to the Chief Executive, WIB who engages with the Board and Board Committees as required for material climate-related risks and opportunities at a divisional level.

Further details including organisational structure are set out on page 53 of the WBC Annual Report and page 6 of the WBC Climate Report.

Management-level committees.

In addition to the management committees listed on page 53 of the WBC Annual Report, we also have the following committees that help assess climate-related matters and support WBC NZ Branch's management in their decision making.

Flow of information relating to WBC's overall Risk Management Framework including climate-related risks.

- **WBC NZ Branch Risk Committee (WBC NZ RISKCO).**

WBC NZ RISKCO is the primary risk committee for WBC NZ Branch. WBC NZ RISKCO is chaired by the WBC NZ Branch Chief Operating Officer and includes the CEO and senior leadership team members. WBC NZ RISKCO has oversight of all our material risks, including climate-related risks.

The Committee meets four times a year, or more often if determined by the Chair and assists in the identification, assessment and management of our material risks in accordance with the policies and processes set out in the WBC Risk Management Framework (RMF).

WBC NZ RISKCO is a sub-committee of the WIB Risk Committee. It provides quarterly reporting and information to WIB RISKCO that allows WIB RISKCO to identify, assess and manage material climate-related risks of all of its international branches and lines of business.

- **WIB Risk Committee (WIB RISKCO).**

WIB RISKCO is a divisional risk committee of the Group Executive Risk Committee (RISKCO). WIB RISKCO meets quarterly and considers material sustainability risks (including social and climate change risks) for the division, including risk profile assessments and risk appetite measures. WIB RISKCO is chaired by the Chief Executive, WIB and includes senior executives and the WIB Chief Risk Officer.

- **Westpac NZ Credit Risk Committee (Westpac NZ CREDCO).**

Credit risk management (including climate-related physical and transition risk) for WBC NZ Branch is outsourced to Westpac NZ. Accordingly, Westpac NZ manages these risks on behalf of WBC NZ Branch in the same manner as it manages its own. This means that Westpac NZ's Board and management structure also play a role in overseeing our credit risk connected with climate-related risks.

Westpac NZ's CREDCO oversees work to identify and manage the potential impact on credit exposures from climate change-related transition and physical risks across the WBC NZ Banking Group which includes WBC NZ Branch. The Chair of the Westpac NZ CREDCO is a standing invitee of the Group Credit Risk Committee. Detail on Westpac NZ's Board, its Board committees and Executive team committees and how they oversee Westpac NZ's climate-related risk, including the frequency of engagement, and the processes by which Westpac NZ management is informed about climate related risks are set out on pages 7 to 9 of the Westpac NZ Climate Report.

Flow of information relating to climate-related opportunities, targets and strategy.

The CEO and management are responsible for day-to-day management of opportunities (including climate related opportunities) and delivering on relevant targets and strategic initiatives within our business. Chief Executive, WIB is accountable for and oversees WBC NZ Branch, and receives updates and reporting (including on climate related matters) as required from the WBC NZ Branch CEO and management. When required, WBC NZ Branch engages with the WBC management level committees such as the Environmental, Social and Governance (ESG) Council. For more details on management level committees and WBC board oversight, refer to pages 52 and 53 of the WBC Annual Report, and page 6 of the WBC Climate Report.

The WBC NZ Branch leadership team manages and monitors our climate-related risks in accordance with the Policies, Frameworks and Statements set out on page 44 of WBC Climate Report.

Remuneration.

WBC's Short Term Variable Reward (STVR) Scorecard includes a climate-related measure in determining the remuneration for the Westpac Group CEO and certain Group Executives. The measure is to 'Deliver the climate transition plan'. This is included as part of the broader 'Strategic Execution' key priority area. In FY24, Strategic Execution accounted for 15% of the total Group STVR Scorecard.

More information on how climate-related reporting measures is incorporated into our executive remuneration is included on page 6 of the WBC Climate Report, and pages 52 and 74 of the WBC Annual Report.

There are no climate related measures incorporated into executive remuneration for WBC NZ Branch management.



STRATEGY

Current business model and strategy.

Westpac Group provides banking and other financial services in Australia and New Zealand. WBC NZ Branch provides financial markets, trade finance and international payment products and services primarily for customers in New Zealand and forms part of the WIB division within WBC. WBC's business model and strategy incorporates WBC NZ Branch.

Further details on WBC's purpose and business model are included on pages 7 and 8 of the WBC Climate Report, and pages 10 to 13 of the WBC Annual Report.

Current physical and transition impacts.

Generally, climate change impacts arise from physical risks such as increased severity of extreme weather events, chronic shifts in precipitation and temperature, and increased variability in weather patterns or other long-term changes such as sea-level rise. Physical risks impact our customers and can also hinder our operational efficiency and capacity to meet customer needs.

Climate change impacts also arise from risks associated with our customers transitioning to a lower-emissions global economy, the most common of which relate to policy and legal risks, technology changes and market responses.

These physical and transition impacts on our customers may affect their ability to operate and thrive in the transition to a low emissions economy, which will impact our business in turn if those customers are unable to meet their interest or repayment obligations. On the other hand, any

significant capital investments required to respond to climate change would also present us with opportunities.

WBC NZ Branch did not experience any material climate related physical or transition impacts in FY24. As noted above, WBC NZ Branch's offerings are limited to financial markets, trade finance and international payments. These products and services are generally short term in nature and typically remain unaffected by climate-related events. WBC NZ Branch did not experience any material disruption to our operations due to climate related events in FY24.

We have experienced some immaterial increased costs as a result of investment in uplifting our climate capability and processes to support meeting our climate-related disclosure requirements.

Scenario analysis.

WBC NZ Branch participated in the scenario analysis undertaken by Westpac NZ. This is because the potential impacts of climate change on WBC NZ Branch are most closely linked to the impacts of climate change on New Zealand and its economy. As such, the scenarios analysed by Westpac NZ are most relevant and appropriate for assessing the resilience of WBC NZ Branch's business model and strategy. Accordingly, our scenario analysis was incorporated within Westpac NZ's process and approach. A description of the scenario analysis undertaken by Westpac NZ is included on page 13 of the Westpac NZ Climate Report. Westpac NZ undertook a stand-alone management-level process in 2023, and then sessions were held with each of the Westpac NZ ET and Board in 2024. WBC NZ Branch management were involved in a scenario analysis

workshop undertaken as part of the process in 2023. The WBC Board was not involved in the analysis.

A description of the climate scenarios developed by Westpac NZ are on page 42 of the Westpac NZ Climate Report, covering: ‘Orderly Transition’ (1.5 degrees by 2100); ‘Too Little, Too Late’ (2 degrees by 2050 and 3.2 degrees by 2100) and ‘Hot House World’ (4.4 degrees by 2100).

Climate related risks, opportunities and reasonably anticipated impacts.

Climate related risks and opportunities.

The tables on pages 12 and 13 outline the key risks and opportunities which may reasonably be anticipated to impact our customers and business together with the time horizons they are likely to occur under.

Climate Time Horizons.

In FY24, WBC established a consistent definition of short-term, medium-term, and long-term Climate Time Horizons to form the foundation of future assessments and reporting of climate-related risks and opportunities.

Time horizons	
Short-term (S)	Less than 1 year
Medium-term (M)	1 to <5 years
Long-term (L)	5 years and more

These time horizons are linked to WBC’s strategic planning horizons and capital deployment plans, as follows:

- WBC’s short-term horizon of less than 1 year aligns with WBC’s annual business forecast cycle, is generally accepted in planning considerations and is consistent with short term variable reward timelines.
- WBC’s medium-term horizon of 1 to less than 5 years aligns with Group Stress Testing horizons, and WBC’s Business Strategic Review (BSR) cycle (3 to 5 years) and our Internal Capital Adequacy Assessment Process (ICAAP) of 3 years. It also has the potential to align with long term variable rewards.
- WBC’s long-term horizon of greater than 5 years is on the outer range of WBC’s BSR planning cycle, and also covers the potential time periods that significant climate risks may emerge.

Capital deployment and funding.

Information on how WBC allocates capital and how it relates to climate change risks and opportunities including via our operations, customer support and investment can be found on page 42 of the WBC Climate Report.

Reasonably anticipated impacts of climate related risks.

The management of climate change risk is integrated within our overall management of risks.

The table below summarises key reasonably anticipated impacts of climate related risks over the short (S), medium (M) and long (L) term time horizons.

Major Risk Categories	Physical or Transition	Key Climate Related Risk for WBC NZ Branch	Reasonably Anticipated Impacts for WBC NZ Branch	S	M	L
Credit Risk	Physical	NZ customers experience loss of revenue, increased costs or erosion of asset value due to extreme weather events e.g. floods, sea-level rise, or droughts, or longer-term changes to weather patterns, potentially exacerbated by levels of under or absence of insurance. For example, electricity sector customers may be impacted by limited availability of hydro-electric generation capacity in drier years.	We incur elevated (and increasing) credit losses related to climate change. However, because WBC NZ Branch's products generally involve relatively short term credit exposures and climate related risks arise over longer timeframes, credit losses are likely to be less significant than in relation to longer-term lending.	●	●	●
	Transition	NZ customers in some sectors (e.g. oil and gas or power generation) may be exposed to increasing adaptation and mitigation costs which impact their viability. Higher credit risk in transitioning sectors with uncertain future performance.			●	●
Market Risk	Physical	Higher volatility and/or reduction in market prices of assets due to extreme climate events.	We experience increased market volatility and the need to re-price financial instruments.	●	●	●
	Transition	Market volatility from regulatory changes or shifts in demand to more sustainable practices. Impacts asset values from changes in sentiment on climate issues.		●	●	●
Operational Risk	Physical	Damage to infrastructure, facilities, or IT systems, and/or disruptions in supply chain due to extreme weather events affecting NZ.	We fail to uplift processes, controls and operational resilience in response to climate change, resulting in heightened operational risks, e.g. business disruption, transaction execution, people management and impact to third parties including but not limited to service providers.	●	●	●
	Transition	Increased costs to comply with climate regulations or implementing sustainable practices.			●	●
Compliance and Conduct Risk	Physical	Severe climate events in NZ may cause disruption to banking operations impacting service delivery and customer outcomes.	We fail to comply with regulations, requirements, and standards related to climate change potentially leading to poor customer and market outcomes, fines or penalties including additional capital imposts, legal action and reputational damage.	●	●	●
	Transition	Rapid regulatory action in NZ is taken to reduce emissions and/or adapt to climate change which impacts either our operations or our customers.		●	●	●
Reputation and Sustainability Risk	Physical	Increased exposure to environmental and social harm from chronic impacts on living and working conditions; damaged ecosystem and infrastructure.	We fail to efficiently implement and convey our strategy of handling climate-related risks; fail to meet regulatory or stakeholder expectations, and misstate climate change related claims, commitments or targets resulting in decreased market share and decreased public trust.	●	●	●
	Transition	Risk that customers leave WBC NZ Branch due to perceived lack of response to address climate change. Negative media attention and legal cases due to a perceived difference between targets and action on climate change or any other greenwashing issues.		●	●	●

Reasonably anticipated impacts of climate related opportunities.

The response to climate change also presents us with opportunities to help New Zealand take action on climate change as we move to a low emissions, climate resilient economy. We have identified the following climate-related opportunities over the short, medium and long-term.

Physical / Transition Opportunities	Key Climate Related Opportunities for WBC NZ Branch	Reasonably Anticipated Impacts for WBC NZ Branch	S	M	L
Transition	<p>Carbon-trading: WBC NZ Branch operates a carbon trading desk in New Zealand, supporting customers to transact or manage their carbon risks. Further information on carbon trading is included on page 40 of the WBC Climate Report.</p> <p>We were one of the first institutions to make a market under the New Zealand Emissions Trading Scheme and continue to operate a carbon trading business in New Zealand.</p>	Continue to identify and pivot towards new commercial opportunities arising from potential increased demand in managing carbon risks.		●	●
Transition	<p>Sustainable bond facilitation: In FY23, WBC launched our Sustainable Finance Framework providing clear definitions for what is green, transition, sustainability or social lending and bond facilitation. It is underpinned by WBC's Sustainable Finance Taxonomy that has the technical screening criteria for assessing lending and bond facilitation. Further information on sustainable lending and bond facilitation, including our Sustainable Finance targets for 2030, is included in the Metrics and targets section below and on pages 34 and 35 of the WBC Climate Report.</p>	Continue to grow bond facilitation activities aligned with the Framework and to develop the Framework as relevant standards, policies and regulatory change occur.	●	●	●

Transition planning.

Information on how WBC is adapting its business model and strategy to address its climate-related risks and opportunities, and our progress in implementing changes is included in the “Strategy” section – on page 8 of the WBC Climate Report.

RISK MANAGEMENT

Approach to risk management.

Our risk is managed in accordance with WBC's Risk Management Framework (RMF), which is approved by the Board. The RMF sets out our structured approach to managing the material risks we face, including for WBC NZ Branch. Our climate-related risks are integrated within our overall risk management. The RMF is supported by a Board-approved Risk Taxonomy which provides a single comprehensive view of the existing risks faced by WBC and provides a common language for describing material risks and sub-categories of risk. Within the Risk Taxonomy, climate change is recognised as a financial risk under the credit risk class and a non-financial risk under the reputation and sustainability risk class. Climate-related credit risks are considered in line with WBC's Climate Change Position Statement and Action Plan. Where appropriate, these are applied at the portfolio, customer and transaction level. Non-financial climate-related risks are managed in accordance with the policies and processes set out by WBC in the Sustainability Risk Management Framework (SRMF), which forms part of the RMF and sets out WBC's overall approach to the management of climate risk. This framework is reviewed annually and approved by WBC's Board Risk Committee (BRC) at least biennially, and continually evolves as WBC's needs and expectations evolve. Further information on WBC's processes in identifying, assessing and managing its material climate-related risks, and how those processes are integrated into WBC's overall risk management process is included on page 44 of the WBC Climate Report and page 40 of WBC's Annual Report.

The RMF requires us to conduct non-financial risk assessments quarterly to identify and determine inherent and residual risks across our Risk Taxonomy.

The Risk Impact/Likelihood Scale prescribed by our Risk and Control Assessment Policy as part of the RMF provides methodologies for the assessment of the impacts of risks (including climate-related and non-climate related risks) by reference to their likelihood and impact of occurrence, which support our risk prioritisation process.

We also review our operating environment quarterly and maintain an Emerging Risk landscape, which helps us to understand how both financial and non-financial risks are emerging across our organisation, including climate change, and to determine whether our current responses require adjustment.

Management of credit risk.

As noted, WBC NZ Branch outsources management of credit risk to Westpac NZ. Accordingly, our climate-related credit risk is managed in accordance with Westpac NZ's RMF, as approved by the Westpac NZ Board Risk & Compliance Committee. The following information included on pages 23 to 26 of Westpac NZ's Climate Report also applies to WBC NZ Branch:

- how Westpac NZ identifies, assesses and manages its climate-related credit risk;
- the tools and methods used to identify, and to assess the scope, size and impact of, its climate-related credit-risk;

- details of the time horizons considered;
- details in respect of Westpac NZ's value chain; and
- how Westpac NZ prioritises climate-related risks against other types of risks.

Time horizons and value chain considerations.

For details on time horizons defined for assessing climate related risks, refer to the Strategy Section above.

Westpac NZ's ESG Credit Policy currently applies to Transaction Managed Business Lending (over \$1m or other lending that is more complex). The ESG Credit Policy applies to most of WBC NZ Branch's customers, but climate related risk may not specifically be considered for some smaller customers of WBC NZ Branch that have credit limits below this threshold.

For risk identification, assessment and management of other risk classes, no parts of the value chain were intentionally excluded.



METRICS AND TARGETS

As noted in the Governance section above, WBC NZ Branch does not have standalone climate-related metrics and targets and our reporting is generally aggregated with broader divisional or New Zealand geography reporting (as appropriate). We do not use any other specific industry based metrics or KPIs to manage climate related risks and opportunities.

Greenhouse Gas (GHG) emissions.

We outsource our physical operations to Westpac NZ and our staff operate from Westpac NZ facilities. Accordingly, our Scope 1, 2 and 3 operational emissions are incorporated within Westpac NZ's Scope 1, 2 and 3 operational emissions. Our GHG emissions data, including GHG intensity data, are therefore included in pages 29 to 31 of, and the Appendix to, the Westpac NZ Climate Report, with methods, assumptions and estimation uncertainty (including consolidation approach, emissions factors and GWP rates) detailed on pages 43 to 45. Independent calculation of operational emissions and emissions intensity metrics attributable just to WBC NZ Branch are not material information for primary users of this report.

We are relying on Adoption Provision 4 in respect of downstream scope 3 emissions for FY24 and therefore have not reported any financed or facilitated emissions.

Vulnerability to physical and transition risks.

Climate change has widespread effects that overlap with other ESG issues, making it important to understand how these areas interact to avoid new risks and negative impacts on customers and communities. Climate change and nature are deeply connected. As natural resources decline

and ecosystems we rely on for services face pressure, WBC is working to integrate these considerations into WBC's plans.

In FY24, WBC has commenced analysis on the intersection between climate and social risk, identifying regions that are socioeconomically vulnerable to climate change risks.

At this stage, we have not identified any of WBC NZ Branch's material business activities that are vulnerable to climate related physical or transition risks given the generally short-term nature of our products.

Climate related opportunities and targets.

While no specific sustainability targets are set for WBC NZ Branch, we contribute to WBC's sustainable finance targets by participating in qualifying bond facilitation activities, which in turn contributes to WBC's overall organisational sustainable bond facilitation target.

In FY23, WBC launched its Sustainable Finance Framework (Framework) providing clear definitions for what is green, transition, sustainability or social lending and bond facilitation. With the launch of the Framework, WBC established two 2030 Sustainable Finance targets. The target which is relevant for WBC NZ Branch is providing AUD\$40 billion in bond facilitation. This target is based on cumulative value of bonds facilitated between 2021 and 2030.

We contribute to WBC's organisational sustainable bond facilitation activities as follows:

WBC Climate Strategy Action Area	WBC Target*	WBC NZ Branch Contribution**		
		FY24	FY23	FY22
Action Area 2: Supporting customers' transition to net-zero and to build their climate resilience	Sustainable finance target by 2030: AUD\$40 billion bond facilitation aligned with the Framework	\$3.7bn	\$3.6bn	\$1.8bn

* A cumulative approach to measure bond facilitation towards a 2030 Target best represents the flow nature of the bond facilitation activity, as well as the characteristics of the bond market and customer issuances dynamics, which can fluctuate year on year depending on market conditions.

** The 2030 Sustainable Bond target set by WBC is a proportional share of cumulative bonds facilitated starting on 1 October 2021 and continuing until 30 September 2030. Our contribution towards the sustainable bond target reflects the proportional share of the principal amount of the offering/transaction facilitated by WBC NZ Branch.

Further information including detailed progress reporting against this target is on pages 34 and 35 of the WBC Climate Report. The total value of sustainable bond facilitation by WBC to 30 September 2024 under the target is AUD\$13.7bn.

For FY24, there was only one NZD sustainable bond executed and WBC NZ Branch was a Joint Lead Manager (“JLM”) on that transaction. The total of number of NZD transactions in FY24 was 41. Our sustainable bond facilitation activity did not give rise to financial assets recorded in the Balance Sheet for FY24. No member of the WBC Group provided underwriting of these sustainable bond transactions.

None of WBC NZ Branch’s assets recorded in the Balance Sheet are aligned to climate-related opportunities. While WBC NZ Branch facilitates sustainable bond issuances for customers, activity did not typically give rise to financial assets on WBC NZ Branch’s Balance Sheet. As WBC NZ

Branch does not offer longer term lending, it does not have sustainable lending products.

While WBC NZ Branch does not have specific GHG emissions targets, as we outsource our physical operations to Westpac NZ and our staff operate from Westpac NZ facilities, we contribute to Westpac NZ’s GHG emissions targets. Accordingly, information on our emissions targets, including alignment with 1.5 degrees and reliance on offsets, are therefore included on pages 21, 30 and 31 of the Westpac NZ Climate Report.

Capital deployment.

WBC NZ Branch on its own does not currently deploy any capital expenditure towards climate-related risks and opportunities. However, Westpac Group devotes resources to managing climate change risks and opportunities.

Refer to page 42 of the WBC Climate Report for more information about how WBC deploys capital to support management of climate related risks and opportunities, including via our operations, customer support and investment.

Internal emissions price.

We do not currently apply an internal emissions price. WBC’s reasons for not adopting an internal carbon price can be found on page 40 of the WBC Climate Report.

Management remuneration.

We link management remuneration to climate-related risks and opportunities as set out above at the Governance section of this Climate Report.

GLOSSARY OF TERMS

Term	Definition
Greenhouse Gas (GHG)	Greenhouse gases, including carbon dioxide and methane, are the gases in the atmosphere that raise the surface temperature of the Earth. What distinguishes them from other gases is that they absorb the wavelengths of radiation that a planet emits, resulting in the greenhouse effect.
Net-Zero Banking Alliance (NZBA) unepfi.org/net-zero-banking/	<p>An industry-led and UN-convened group of leading global banks committed to financing ambitious climate action to transition the real economy to net-zero greenhouse gas emissions by 2050.</p> <p>Net-Zero Banking Alliance’s framework, guidance, and peer learning opportunities support members to design, set, and achieve credible science-based net-zero targets for 2030 or sooner that deliver value for their investors, clients, and customers.</p> <p>The Net-Zero Banking Alliance is the climate accelerator for United Nations Environment Programme Finance Initiative’s Principles for Responsible Banking (PRB) and the sector-specific alliance for banks under the Glasgow Financial Alliance for Net-Zero (GFANZ).</p>
Risk Taxonomy	WBC NZ Branch applies WBC’s Risk Taxonomy, which provides a single comprehensive view of the existing risks faced by Westpac Group. This provides a common language for describing material risks and sub-categories of risk. Within our risk taxonomy, climate change is recognised as a financial risk under the credit risk class and a non-financial risk under the reputation and sustainability risk class.
Scope 1 emissions	Scope 1 emissions are the release of GHGs into the atmosphere as a result of Westpac NZ’s direct operations. See further details in Westpac NZ’s Climate Report appendix on page 44.
Scope 2 emissions	Scope 2 operational emissions are indirect GHG emissions from the consumption of purchased electricity by Westpac NZ. See further details in Westpac NZ’s Climate Report appendix on page 44.
Scope 3 operational emissions	Scope 3 operational emissions are indirect GHG emissions that occur in Westpac NZ’s supply chain (mandatory and additional), excluding Scope 3 financed emissions and Scope 3 facilitated emissions.
Scope 3 additional emissions	Scope 3 additional emissions are supply chain emissions we have included above the minimum Toitū net carbonzero certification (Toitū) Programme requirements as we deem these emissions to be material to our business. These include accommodation, data centre electricity usage, paper use, freight of cash and working from home.
Scope 3 mandatory emissions	Scope 3 mandatory emissions are mandatory supply chain emission sources required under the Toitū Programme. These include transmission and distribution losses, transport (air travel, non-fleet activity including taxi usage and private cars) and waste.

Term	Definition
Value chain	The full range of activities, resources and relationships related to an entity’s business model and the external environment in which it operates. A value chain encompasses the activities, resources, and relationships an entity uses and relies on to create its products or services from conception to delivery, consumption and end of life.
Westpac Banking Corporation (WBC)	Any references to “Westpac Group” or “Group”, refers to Westpac Banking Corporation (ABN 33 007 457 141) being the ultimate parent bank in Australia and all its subsidiaries.
WBC NZ Climate Report	Westpac Banking Corporation, New Zealand (WBC NZ) Climate Report for the year ended 30 September 2024 presents information on New Zealand subsidiaries of WBC and WBC New Zealand Branch (WBC NZ Branch). The New Zealand subsidiaries are: <ul style="list-style-type: none"> • Westpac New Zealand Group Limited • BT Financial Group (NZ) Limited • Westpac Financial Services Group-NZ-Limited • Westpac Group Investment-NZ-Limited • Westpac Holdings-NZ-Limited • Westpac Capital-NZ-Limited • Westpac Equity Investments NZ Limited
Westpac New Zealand Limited (WNZL)	Wholly owned subsidiary of WBC in New Zealand.
Westpac NZ	Westpac New Zealand as defined in the Westpac NZ Climate Report.
WBC Annual Report	Westpac Banking Corporation Annual Report for the year ended 30 September 2024.
WBC Climate Report	Westpac Banking Corporation Climate Report for the year ended 30 September 2024.
Westpac NZ Climate Report	Westpac New Zealand Limited Climate Report for the year ended 30 September 2024.
WBC NZ Banking Group	Refers to the financial reporting group (as defined in the Overseas Incorporated Registered Banks Order 2014 (as amended) of WBC. Controlled entities of the NZ Banking Group are set out in the WBC New Zealand Banking Group Disclosure Statement for the year ended 30 September 2024.



Westpac Banking Corporation.