



WESTPAC SECURITIES NZ LIMITED GREEN BOND

DNV PERIODIC EXTERNAL REVIEW ASSESSMENT 2023

Scope and objectives

Westpac Securities NZ Limited, London Branch ("WSNZL" or the "Issuer") issued a EUR 500m Green Bond (henceforth referred to as "BOND") under its USD 10 Billion Programme for the Issuance of Debt Instruments, unconditionally and irrevocably guaranteed by Westpac New Zealand Limited ("WNZL"), with ISIN: XS2016070430. The BOND is labelled as a "Green Bond" as defined within the Green Bond Principles 2021 (as updated 2022) ("GBP") set out by the International Capital Market Association ("ICMA").

WNZL has used the proceeds of the BOND to finance and refinance loans associated with the numerous projects and assets within New Zealand falling within the following GBP categories:

- Green Buildings
 - Commercial and office properties with a Green Star rating of 4 Stars and above (only 5 Star lending included in current pool by WNZL), or a NABERSNZ 4.0 Star rating and above.
- Renewable Energy Projects
 - Hydro;
 - Low Emissions Geothermal Power; and
 - Wind.

DNV Business Assurance Australia Pty Ltd (henceforth referred to as "DNV") has been commissioned by WNZL to provide a Green Bond Periodic Review of the WNZL Green Bond Supplementary Report 2023 and BOND. Our methodology to achieve this is described under 'Work Undertaken' below. DNV has provided independent assessment in the form of external review on the alignment of the WNZL Green Bond Supplementary Report 2023 and BOND with the GBP.

No assurance is provided regarding the financial performance of the BOND, the value of any investments in the BONDS, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the BOND has met the criteria established on the basis set out below.

The scope of this DNV opinion is limited to the GBP and has been produced in alignment with the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews.

Responsibilities of the Management of WNZL and DNV

The management of WNZL has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform WNZL management and other interested stakeholders in the BOND as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and

the facts presented to us by WNZL. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by WNZL's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our GBP methodology, which incorporates the requirements of the GBP, to create a WNZL-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits". Where required to assess underlying impact data, DNV has used the assurance standard ISAE 3000 for assurance over non-financial information.

As per our Protocol, the criteria against which the BOND has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance or refinance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment or lending using the Green Bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organisation and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.
 - **Allocation Reporting.** Allocation of bond proceeds are being reported in line with the criteria of the Green Bond Principles and the Framework.
 - **Impact Reporting:** Performance associated with Green Use of Proceeds including projects and assets in line with the criteria of the Green Bond Principles and the Framework.

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by WNZL in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a WNZL-specific Protocol, adapted to the purpose of the BOND, as described above and in Schedule 2 to this Assessment;



- Assessment of documentary evidence provided by WNZL on the BOND and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with WNZL management, and review of relevant documentation;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
- Assessment of Annual Reporting conducted and review and opinion on the nature, appropriateness and where required accuracy of the data used for Allocation and Impact Reporting.

Findings and DNV's opinion

DNV's findings are listed below:

- 1. Principle One: Use of Proceeds.** WNZL has used the proceeds of the BOND to finance and re finance projects and assets including:
 - Green buildings
 - Renewable energy projectsDNV reviewed the criteria for the project categories above to determine the eligibility of the nominated projects and assets.
- 2. Principle Two: Process for Project Evaluation and Selection.** The BOND's proceeds have been allocated to finance and refinance the assets in line with the categories defined in Schedule 1.
- 3. Principle Three: Management of Proceeds.** DNV has reviewed evidence showing how WNZL traces the proceeds from the Bond, from the time of issuance to the time of disbursement. The full amount of the proceeds were managed within WNZL treasury or equivalent, and thereafter disbursed in accordance with the eligible assets. The details of the disbursement and the outstanding value have been tracked using WNZL's internal financial reporting system. At the end of each financial period, WNZL have reviewed the outstanding balance of the BOND. DNV has confirmed the review of outstanding balances for the period and confirmed the reported amounts are consistent with the supporting data. As stated above, DNV provides no assurance regarding the financial performance of the Bond, the value of any investments in the Bond, or the effects of the transaction.
- 4. Principle Four: Reporting.** WNZL has prepared a Supplementary Impact Report for its Westpac fixed income investor website. This includes description of the green bond proceeds allocation, overview of the projects financed and/or refinanced and the environmental impact for the term of the bond. DNV concludes that the Six-Month Impact Reporting conducted is supported by the data provided and the basis for calculation of the data has been reviewed and confirmed to be appropriate and accurate within the scope of our assessment.

On the basis of the information provided by WNZL and the work undertaken, it is DNV's opinion that the WNZL Green Bond Framework, BOND, 2023 Periodic Green Bond Supplementary Reporting for the six-month period from 1 April 2023 to September 2023, meet the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

DNV has also provided limited assurance over the impact reporting data provided by WNZL. DNV cross checked the reported impacts against the provided underlying data and references. DNV found no information or data to indicate that the reported impacts were not correctly reported.

for DNV Business Assurance Australia Pty Ltd

Sydney, Australia / 15 December 2023



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About DNV



Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: DESCRIPTION OF NOMINATED ASSETS TO BE FINANCED AND/OR REFINANCED THROUGH WSNZL GREEN BOND

WNZL has used the proceeds raised by the initial Green Bond to finance and/or refinance assets falling under the following GBP categories. DNV has confirmed that these fall within the categories set out in the WNZL Green Bond Framework. As of 30 September 2023, the outstanding issuance was NZD 859.9m¹

Project or Asset Category	Project or Asset Type	Project or Asset Location	Proportion of Pool (%)	Total Committed Exposure as at 30 September 2023 (NZDm)
Renewable Energy	Hydro	New Zealand	37.2	434.0
	Low Emissions Geothermal Power	New Zealand		
	Wind	New Zealand		
Green Buildings	Green Buildings	New Zealand	62.8	731.6
Total			100%	1,165.6

¹ Based on the FX rate used to derive NZD equivalent is at the time of the Green Bond issuance.

SCHEDULE 2: GREEN BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the GBP:</p> <ul style="list-style-type: none"> • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond 	<p>Review of:</p> <ul style="list-style-type: none"> - WNZL Green Bond Framework - WNZL Green Bond Supplementary Report 2023 - Westpac Securities NZ Limited EMTN Prospectus dated 1 December 2023 <p>Discussions with WNZL management</p>	<p>The reviewed evidence confirms that the BOND falls in the category: Green Use of Proceeds Bond.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilisation of the proceeds of the bond which should be appropriately described in the legal documentation for the security.</p>	<p>Review of:</p> <ul style="list-style-type: none"> - WNZL Green Bond Framework - WNZL Green Bond Supplementary Report 2023 - Westpac Securities NZ Limited EMTN Prospectus dated 1 December 2023 - WNZL 2023 file Renewable Energy (Supplementary Sep 23) - WNZL 2023 FY23 Green Buildings (Supplementary Sep 23) V2 <p>Discussions with WNZL management</p>	<p>As identified by the issuer disclosures the purpose of the BOND is to use the proceeds to finance and/or refinance projects and acquisitions for projects falling under the following categories:</p> <ul style="list-style-type: none"> • Green Buildings • Renewable Energy projects <p>This is in line with the Green Bond Principles Use of Proceeds Criteria.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	<p>Review of:</p> <ul style="list-style-type: none"> - WNZL Green Bond Framework - WNZL Green Bond Supplementary Report 2023 - Westpac Securities NZ Limited EMTN Prospectus dated 1 December 2023 - WNZL Green Bond Impact Report 2023 - 2023 FY23 Green Buildings (Supplementary Sep 23) V2 data spreadsheet - 2023 file – Renewable Energy (Supplementary Sep 23) data spreadsheet <p>Discussions with WNZL management</p>	<p>DNV reviewed the project selection criteria for projects and assets to be included in the bond pool and confirmed their nature and type to reasonably include</p> <ul style="list-style-type: none"> • Green Buildings • Renewable Energy projects <p>which are in line with the Use of Proceeds under the GBP.</p>
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<p>Review of:</p> <ul style="list-style-type: none"> - WNZL Green Bond Framework - WNZL Green Bond Supplementary Report 2023 - Westpac Securities NZ Limited EMTN Prospectus dated 1 December 2023 - 2023 FY23 Green Buildings (Supplementary Sep 23) V2 data spreadsheet - 2023 file – Renewable Energy (Supplementary Sep 23) data spreadsheet <p>Discussions with WNZL management</p>	The proceeds of the BOND, as below, may be used for new finance and/or refinancing of existing assets.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Green Projects categories identified in the GBP; • The criteria making the projects eligible for using the Green Bond proceeds; and • The environmental sustainability objectives. 	<p>Review of:</p> <ul style="list-style-type: none"> - WNZL Green Bond Framework - WNZL Green Bond Supplementary Report 2023 - Westpac Securities NZ Limited EMTN Prospectus dated 1 December 2023 - 2023 FY23 Green Buildings (Supplementary Sep 23) V2 data spreadsheet - 2023 file – Renewable Energy (Supplementary Sep 23) data spreadsheet 	<p>As per the WNZL Green Bond Framework, WNZL has set out the following criteria for project selection:</p> <p>Process for Project Evaluation and Selection</p> <p>The selection and tracking of the Green Bond asset pool to be funded from the issuance of a Green Bond is governed by a process that aims to ensure risks are fully understood, assessed and properly controlled.</p> <p>The process:</p> <ul style="list-style-type: none"> • Ensures that projects selected for the Green Bond asset pool meet WNZL’s Eligible Asset lending criteria set out on page 8 of the Green Bond Framework (including WNZL’s ESG Credit Risk Policy and Climate Change Solutions definitions and; • Seeks to understand and assess the selected projects, to manage for risks including, but not limited to, reputational risks. <p>DNV confirmed this process to define a clear and repeatable system by which projects maybe identified and included or excluded from the Green Bond project pool. The Criteria making the projects eligible for inclusion contained within the Green Bond Framework were in line with the GBP eligible categories and can be expected to result in quantifiable environmental benefits.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2b	Issuer’s environmental and social and governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer’s overall framework and performance regarding environmental sustainability.	<p>Review of:</p> <ul style="list-style-type: none"> - WNZL Sustainability and Governance Framework - WNZL Sustainability Reporting - WNZL Sustainability Strategy - WNZL Climate Risk Report² - WNZL Green Bond Framework - WNZL Green Bond Impact Report 2023 <p>Discussions with WNZL management</p>	<p>DNV reviewed the WNZL 2025 Sustainability Strategy³ in addition to the corporate and sustainability reporting. WNZL conducts Sustainability Reporting on an annual basis.</p> <p>WNZL’s sustainability reporting documents form the basis for clear stakeholder reporting of relevant metrics such a GHG emissions in addition to other social and environmental metrics. The proposed reporting associated with the WNZL Green Bond is in line with their existing Governance Commitments and metrics to stakeholders and investors.</p> <p>DNV notes that the performance of the nominated assets within the Bond pool is to be reported as a part of WNZL’s periodic Annual Reporting as per the WNZL Green Bond Framework.</p> <p>The selected reporting performance metrics for the nominated projects and assets as stated within the Green Bond Framework, are in line with the governance framework demonstrated by WNZL within the information provided on their website.</p> <p>We have also carried out a high-level media review of WNZL. We have found no evidence to suggest that WNZL or any proposed projects and assets are or have been operating in breach of national or local environmental regulations.</p> <p>Based on the evidence reviewed and the discussion we had with senior managers, we found nothing to suggest that WNZL’s governance framework is not in line with good practice of the industry in which it operates.</p>

² <https://www.westpac.co.nz/assets/About-us/legal-information-privacy/documents/Climate-Report-2023-Westpac-NZ.pdf>

³ <https://www.westpac.co.nz/assets/About-us/sustainability-community/documents/Westpac-NZ-2025-Sustainability-Strategy.pdf>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	Review of: <ul style="list-style-type: none"> - WNZL Green Bond Framework - WNZL Green Bond Supplementary Report 2023 - Westpac Securities NZ Limited EMTN Prospectus dated 1 December 2023 Discussions with WNZL management	The evidence reviewed shows how WNZL plans to trace the BOND's proceeds, from the time of issuance to the time of disbursement. The full amount of the proceeds have been managed within treasury or equivalent, and thereafter disbursed in accordance with the investment schedules and debt obligations. The details of the disbursement and the outstanding value have been tracked through WNZL's internal monitoring and reporting processes. At the end of each financial period, the outstanding balance of the BOND has been reviewed.
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Review of: <ul style="list-style-type: none"> - WNZL Green Bond Framework - WNZL Green Bond Supplementary Report 2023 - Westpac Securities NZ Limited EMTN Prospectus dated 1 December 2023 Discussions with WNZL management	The evidence reviewed shows that WNZL plans to trace the proceeds from the BOND, from the time of issuance to the time of disbursement and reduce the net balance of proceeds by amounts in line with the asset's investment and debt repayment schedules. At the end of each financial period, the outstanding balance of the Bond has been reviewed.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Review of: <ul style="list-style-type: none"> - WNZL Green Bond Framework - Westpac Securities NZ Limited EMTN Prospectus dated 1 December 2023 - WNZL 2023 file Renewable Energy (Supplementary Sep 23) 	The net proceeds of the Bond have been managed within treasury or equivalent, tracked and have been fully and immediately disbursed where possible or held in equivalent green investments or cash equivalent until disbursement to the nominated assets as per the WNZL Green Bond Framework. DNV has confirmed the proceeds have been fully allocated at the time of periodic review, with a surplus of NZD 305.7

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> - WNZL 2023 FY23 Green Buildings (Supplementary Sep 23) V2 <p>Discussions with WNZL management</p>	Eligible Assets reported (beyond the size of the Green Bond proceeds).

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible, with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<ul style="list-style-type: none"> - WNZL Green Bond Framework - WNZL Green Bond Supplementary Report 2023 - Westpac Securities NZ Limited EMTN Prospectus dated 1 December 2023 	<p>WNZL has prepared a dedicated Green Bond Supplementary Impact Report for the Westpac Fixed Income investor website. This has been reviewed by DNV and confirmed to include description of the projects and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts (where possible and where data is available).</p> <p>The reporting period of 1 April 2023 to 30 September 2023 has been reported to result in the following impacts associated with the Use of Proceeds and presented here to the nearest whole number. WNZL has provided actual electricity generation and estimated energy and emissions avoided data. Additionally, to ensure WNZL doesn't overstate the impact of the Green Bond proceeds, WNZL has applied Impact Adjusted data with a weighting of 73.77% (being the proportion of Green Bond Proceeds within the Green Bond Asset Pool) and only attributes impact based on WNZL's lending proportion. DNV considers this allocation of impacts to be reasonable in context.</p> <p>DNV cross checked the reporting summary against the provided generation data, including verification of the MFE emissions factors (August 2022), MBIE Average Energy Conversion Factors & MBIE Average Fuel Type Conversion Factors (published June 2022), noting variance for live MBIE data.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings																														
				<p>Renewable Energy</p> <table border="1"> <thead> <tr> <th>Generation Type</th> <th>Total Electricity Generation (GWh)</th> <th>WNZL's Proportion: Electricity Generation (GWh)</th> <th>Total GHG Emissions Avoided, (tCO₂-e)</th> <th>WNZL's Proportion: GHG Emissions Avoided, (tCO₂-e)</th> </tr> </thead> <tbody> <tr> <td>Hydroelectric</td> <td>11,343</td> <td>784</td> <td>591,549</td> <td>40,861</td> </tr> <tr> <td>Low Emission Geothermal⁴</td> <td>1,491</td> <td>146</td> <td>30,927</td> <td>3,031</td> </tr> <tr> <td>Wind</td> <td>633</td> <td>28</td> <td>33,012</td> <td>1,435</td> </tr> <tr> <td>Total</td> <td>13,467</td> <td>957</td> <td>655,488</td> <td>45,327</td> </tr> <tr> <td>Impact Adjusted Total</td> <td>9,935</td> <td>706</td> <td>483,554</td> <td>33,438</td> </tr> </tbody> </table> <p>Green Buildings</p> <p>For NABERSNZ rated buildings (26.27% of financed green buildings), WNZL was able to include data on the financed proportion of the environmental impacts (GHG, energy), as per the below table. This does not include the environmental impacts associated with Green Star buildings (73.73% of financed green buildings), due to limitations in available and relevant Green Star data (with this certification associated with sustainable construction).</p> <p>DNV confirmed the weighted average emissions intensity across the 12 NABERSNZ rated buildings of 5.23 kgCO₂e/m².</p> <p>6 Month Bond Period</p>	Generation Type	Total Electricity Generation (GWh)	WNZL's Proportion: Electricity Generation (GWh)	Total GHG Emissions Avoided, (tCO ₂ -e)	WNZL's Proportion: GHG Emissions Avoided, (tCO ₂ -e)	Hydroelectric	11,343	784	591,549	40,861	Low Emission Geothermal ⁴	1,491	146	30,927	3,031	Wind	633	28	33,012	1,435	Total	13,467	957	655,488	45,327	Impact Adjusted Total	9,935	706	483,554	33,438
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⁴ Westpac New Zealand has only included within the Green Bond Asset Pool low emissions geothermal assets – being assets with a GHG emissions intensity that are below that of the national electricity grid (the intensity of which is consistent with the criteria for a low-emitting geothermal facility in the Climate Bonds Initiative Geothermal Criteria (as updated in April 2023) being those geothermal assets with direct emissions of less than 100 gCO₂/kWh).

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings					
				NABERSNZ Rating	Number of buildings	Total Energy Savings, (kWh)	WNZL's Proportion: Energy Savings, (kWh)	Total GHG Emissions Avoided, (t CO2-e)	WNZL's Proportion: GHG Emissions Avoided, (t CO2-e)
				4 Star	2	577,749	63,197	281	31
				4.5 Star	4	1,752,680	421,707	488	117
				5 Star	4	1,105,976	285,410	286	74
				5.5 Star	2	1,447,334	114,339	343	27
				Total	12	4,883,739	884,653	1,398	249
				Impact Adjusted Total (74%)	-	3,602,734	652,609	1,032	184