# WESTPAC NEW ZEALAND CLIMATE REPORT

TOGETHER GREATER

For the year ended 30 September 2025

# Introduction

## CONTENTS



Cover Photo: Native seedlings planted during 2025 in Te Rau Pūriri Regional Park, Auckland. This planting is part of Auckland Council's commitment under the terms of its $250m 3-year wholesale Sustainability-Linked Bond to plant one million native ngahere (forest) stems by the end of 2027. Westpac NZ was proud to be the Sustainability Coordinator of this bond with a nature-based target, an Australasian first, which also has co-benefits of carbon sequestration from afforestation.



## Statement of Compliance

The disclosures made in this Climate Report comply with the Aotearoa New Zealand Climate Standards (NZ CS).

In preparing this Climate Report, Westpac NZ has elected to use the following adoption provisions from the NZ CS:

- Adoption Provision 2: Anticipated financial impacts. This adoption provision exempts Westpac NZ from disclosing anticipated financial impacts of climate-related 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 4: Scope 3 GHG emissions for selected categories. This adoption provision exempts Westpac NZ from disclosing a subset of its scope 3 greenhouse gas (GHG) emissions.
- Adoption Provision 5: Comparatives for GHG emissions. This adoption provision exempts Westpac NZ from disclosing comparative information for the immediately preceding two reporting periods for the Scope 3 GHG emissions categories that we did not disclose in our 2024 Climate Report.
- Adoption Provision 6: Comparatives for metrics. This adoption provision permits Westpac NZ to only disclose comparative information for the immediate preceding reporting period, and exempts us from disclosing comparative information for the second preceding period, for some of the metrics disclosed in this report.
- Adoption Provision 7: Analysis of trends. This adoption provision exempts Westpac NZ from disclosing an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.

On behalf of Westpac NZ on 27 November 2025:

Pip Greenwood
Chair of Board

David Green
Chair of Board Audit Committee

## About this Climate Report

Westpac NZ is a Climate Reporting Entity under the Financial Markets Conduct Act 2013. This is Westpac NZ's second Climate Report required to be prepared in accordance with the NZ CS issued by the External Reporting Board.

### Entities covered in the Climate Report.

In this Climate Report, unless the context otherwise requires:

- Westpac NZ, we, us or our means Westpac New Zealand Limited
- Westpac NZ Group means Westpac NZ and its controlled entities. A list of Westpac NZ's controlled entities is included in Note 22 of our Disclosure Statement for the year ending 30 September 2025
- WBC means Westpac Banking Corporation, the ultimate parent company of Westpac NZ
- Westpac Group means WBC and its controlled entities, both in New Zealand and overseas.

Westpac New Zealand Staff Superannuation Scheme Trustees Limited, a member of the Westpac NZ Group, is the manager of the Westpac NZ Staff Superannuation Scheme, a restricted workplace savings scheme for Westpac NZ employees. This report does not cover the greenhouse gas emissions, climate-related risks or opportunities related to the Westpac NZ Staff Superannuation Scheme.

### Reporting period and currency.

All figures and commentary relate to the full year ended 30 September 2025 unless otherwise stated. All references to $ and dollars are referring to New Zealand dollars.

# Important Information

## Materiality.

This Climate Report has been prepared for Westpac NZ's existing and potential customers, investors, lenders and other creditors. It presents the information that we believe could reasonably be expected to influence their decisions to deposit money, invest, lend or offer credit to Westpac NZ. It does not seek to cover all possible information about Westpac NZ's approach to climate change.

Determining the materiality of information involves judgement, taking into account both qualitative and quantitative factors and our understanding of the climate-related information our investors, lenders and creditors commonly use. Our assessment of the materiality of information may change over time to reflect changes to our understanding of the climate-related impacts, risks or opportunities for our business or the information needs of our investors, lenders and creditors.

## No offer of securities or financial advice.

This Climate Report is not an offer document and does not constitute an offer, invitation or recommendation to invest in Westpac NZ. The material in this report is provided for information purposes only and is not advice, recommendations or opinions in relation to any Westpac NZ products or services. The information in this report is general and does not take into account the investment objectives, financial position, or needs of any particular investor or customer. Investors should not place undue reliance on the disclosures in this report and should read the important guidance, assumptions, limitations and important notices throughout this report and seek professional advice before deciding to invest in Westpac NZ.

Westpac NZ disclaims to the fullest extent possible any liability from loss arising directly or indirectly from any use of or reliance on the content of this report.

## Measurement of emissions and other climate-related metrics.

Measuring GHG emissions and quantifying climate-related risks, opportunities and other related metrics referenced in this report is inherently challenging and subject to a high degree of uncertainty. These metrics are necessarily based on:

**Inexact or limited data**: data related to GHG emissions and other climate-related matters is often incomplete, may not be prepared on a consistent basis, and in some instances may be unreliable. Where this is the case, we need to rely on assumptions, estimates or proxies. We anticipate that the data available to us will become more complete and reliable over time, as an increasing number of entities, including customers, suppliers and governments, improve measuring their emissions and understanding their own climate-related risks and opportunities.

**Third party data**: we have relied on data and other information from third parties in some areas, including in measuring our GHG emissions and analysing the impact of risks on our lending portfolio. External data or information may be uncertain, and may rely significantly on judgements, assumptions or selection of methodologies by the third party. This data may not be subject to any audit or other independent assurance.

**Frameworks, methodologies and models**: calculating GHG emissions, measuring climate-related risks and opportunities, and calculating other climate-related metrics can be extremely complex. The frameworks, methodologies or models used often will not perfectly replicate the real world. Further, applying frameworks, methodologies or models often involves estimates, judgements and assumptions, which are inherently subjective and uncertain (see Forward-looking statements, estimates and opinions below) and which may be limited by the data available to us. When we model the impacts of risks and opportunities over a longer period of time, this often results in a greater level of uncertainty. In some areas, there is no universally accepted framework, methodology or model. In these cases, we have applied our judgement to identify the most suitable methodology or model. Climate reporting is an evolving area and, unlike other financial reporting, the methodologies and models are likely to change over time as understanding of climate issues, availability of data and regulatory policy develops. Different frameworks, methodologies or models can produce different outcomes.

**Current scientific knowledge and technology**: our assessments of climate-related risks and opportunities takes into account current understanding of climate science, and may be limited by known scientific uncertainties. As scientific knowledge expands, the current understanding, assumptions and limitations underpinning the methodologies, models and data we use are likely to change. Further, our analysis may take into account assumptions about the availability and uptake of existing and future technology to support mitigation or adaptation. The assumed uptake of technology or development of future technology may not eventuate, or the availability of other future technologies that we have not anticipated may impact outcomes.

We have aimed to apply consistent principles in how we measure and report GHG emissions and other climate-related metrics, and how we set climate-related targets, but recognise that these are estimates and in some cases remain subject to significant uncertainty. We caution reliance being placed on estimates and other representations that are necessarily subject to significant risks, uncertainties and/or assumptions. Climate change is an evolving challenge, with high levels of uncertainty and significant data challenges, particularly over long-term horizons. Descriptions of the current and anticipated impacts of the climate on Westpac NZ are necessarily estimates only.

To assist readers to understand these uncertainties, we have endeavoured to highlight the key limitations and areas of uncertainty together with the metrics or other disclosures they relate to. Additional information on methodologies used for some of the key metrics contained in this Climate Report are contained in:

- Appendix 1: Emissions calculations (including financed and operational emissions)
- Appendix 3: Methodology and limitations applicable to physical risk assessment.

## Forward-looking statements, estimates and opinions.

This Climate Report contains climate-related and other forward-looking statements, estimates and opinions, including:

- climate-related impacts, risks and opportunities, and their current or anticipated financial impacts on our business
- climate-related targets, commitments, ambitions, strategies and plans, including those in our Climate Transition Plan (CTP)
- forecasts or projections
- assumptions and judgements underlying the above disclosures, including as to potential global responses to climate change, government policies, regulatory developments, technological developments and future management strategies.

These forward-looking statements, estimates and opinions may be qualitative or quantitative. We identify forward-looking statements, estimates and opinions using words such as: '**will**', '**may**', '**expect**', '**intend**', '**seek**', '**would**', '**should**', '**could**', '**continue**', '**plan**', '**aim**', '**goal**', '**target**', '**probability**', '**risk**', '**forecast**', '**projection**', '**likely**', '**estimate**', '**anticipate**', '**believe**'.

While forward-looking statements, estimates and opinions naturally carry a degree of uncertainty, this is further exacerbated in climate reporting given the challenges highlighted in 'Measurement of emissions and other climate-related metrics' above.

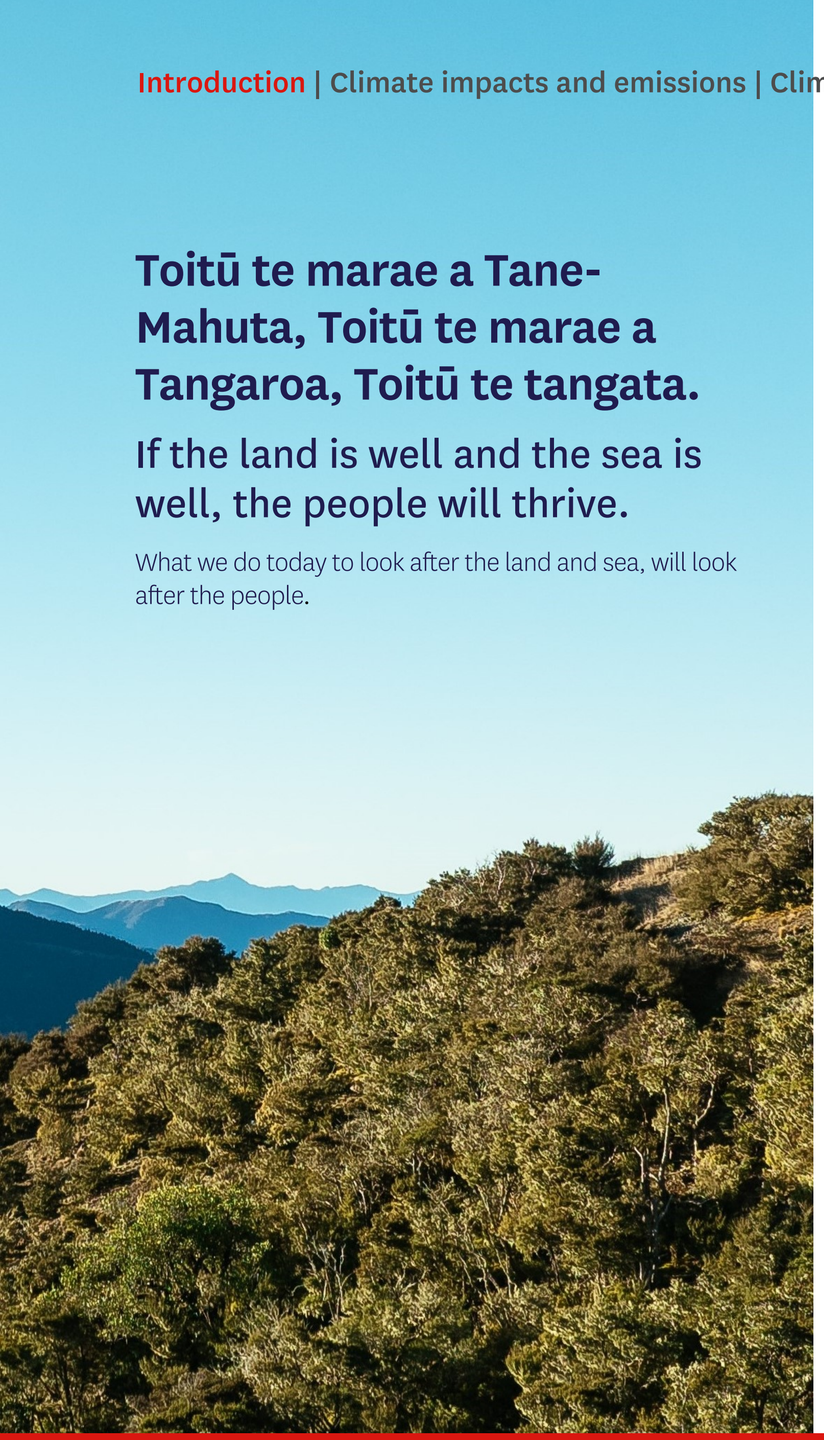
These forward-looking statements, estimates and opinions reflect our current views, judgements, expectations and intentions at the date of this report, 27 November 2025. Although Westpac NZ considers these forward-looking statements, estimates and opinions have a reasonable basis at the date of this 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 Westpac NZ. While Westpac NZ has sought to fairly present this Climate Report, and has prepared this report based on our current knowledge, expectations and intentions and in good faith, we give no representation, guarantee, warranty or assurance about the future business performance of Westpac NZ, or that the outcomes expressed or implied in any forward-looking statement made in this document will occur.

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.

**Toitū te marae a Tane-Mahuta, Toitū te marae a Tangaroa, Toitū te tangata.**

If the land is well and the sea is well, the people will thrive.

What we do today to look after the land and sea, will look after the people.



# Message from the CEO

Change is always with us – we must adapt or get left behind. And when it comes to our changing climate, both adaptation and mitigation are critical in safeguarding Aotearoa for future generations.

This report documents our own operational emissions and our financed emissions. It looks at how we are considering climate risk throughout our business, as well as the practical steps we are taking to respond to the challenges and opportunities climate change presents. Our Climate Transition Plan, which we updated this year, helps to guide our approach.

To help reduce our financed emissions, this year we have continued to support some of our biggest customers in their transition to a low-emissions economy. This has included full assessment and engagement with our largest customers, working with them to identify risks and opportunities, and build resilience in their businesses.

Beyond our transition support with these large customers, we are partnering with many of our institutional, business and farming customers to support them with sustainable lending. As at 30 September, we have provided $7.6b in sustainable lending to our customers.

Notably, it's positive to see that our farmers and growers are actively working to future-proof their operations; two years since its launch, the Westpac Sustainable Farm Loan now represents 48% of our agribusiness term lending book. This year we saw the first tranche of these customers complete their two-year AsureQuality audits to verify that they have met the Westpac Sustainable Farm Standard.

As a society we are becoming increasingly aware that Aotearoa's natural capital delivers environmental, economic, social and cultural benefits for our communities. A wonderful illustration of this was Auckland Council's $250m Sustainability-Linked Bond, which incentivises the council to accelerate its native planting programme. This bond, along with other innovative solutions our team is delivering, carves a new path for the role sustainable finance can play in accelerating outcomes for climate and nature, as well as helping customers to manage their climate risk.

Adverse weather events are galvanising us to play a larger role in supporting our customers to build more resilient homes and communities. This year we formalised a climate adaptation workstream to better focus our efforts.

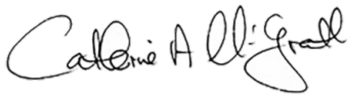
And day to day, we are helping New Zealanders to reduce their own climate impact through initiatives such as our Greater Choices lending, as well as providing education and insights through our Managing Your Money programme. We also continue our integration of economic insights into climate-related challenges, publishing reports on topics including the marine economy and solar power.

We are leaning in to accelerate the transition in Aotearoa to a lower emissions, climate resilient society. We want to do more and welcome your feedback.

For more details on our climate approach, visit westpac.co.nz/climateaction.

Ngā mihi

Catherine McGrath



**Catherine McGrath**

**Chief Executive Officer, Westpac NZ**

# Setting the scene

## Our business model.

Westpac NZ is one of Aotearoa's largest financial institutions and has been offering banking services to New Zealanders since 1861. We now have more than 1.5 million customers, approximately 5,000 employees and our services reach communities nationwide. We provide a full range of retail and commercial services to help households, businesses, farmers and growers to achieve their financial goals. We are also the main banking service provider to the New Zealand Government. We implement our business model through two key segments:

- The Consumer Banking and Wealth segment provides financial services predominantly for individuals. Products offered include residential mortgages, credit cards, personal loans, transactional accounts and retail deposits. This segment also distributes investments and third-party fire, general and life insurance products
- The Institutional and Business Banking segment provides a broad range of financial services for small-to-medium enterprise, corporate, property finance, agricultural, institutional and government customers. Products include funding, sustainable finance, transactional accounts, deposit solutions and credit cards.

The ultimate parent bank of Westpac NZ is Westpac Banking Corporation. Westpac Banking Corporation and its subsidiaries are referred to as Westpac Group. Westpac NZ aligns its approach to climate-related issues with Westpac Group in certain aspects that are explained in this report, but not in all ways.

## Our purpose and strategy.

Westpac NZ's purpose is 'Taking action now to create a better future' (Mahiaināianei mō āmua ake). Our ambition is to be our customers' #1 bank and partner through life. We are committed to delivering for our customers by taking a long-term perspective beyond transactions and building trusted relationships. Our multi-year strategic ambition is focussed on five core pillars of customers, people, change delivery, risk leadership and performance excellence.

Our strategy for profitable, sustainable growth includes delivering key initiatives to increase banker time with customer, simplify and digitise the customer experience and further build our sustainable finance and advisory offerings.

Our Westpac NZ Sustainability Commitments outline our sustainability targets, including climate targets. Read more about our key sustainability activities and achievements in our 2025 Sustainability Update.

## Introduction to climate risks at Westpac NZ.

As a financial institution, the climate-related risks and opportunities that may affect us, result principally from the nature of our business with our customers and our financing of their activities.

There are two main sources of climate risk:

- Physical risks emanating from climate can be event driven (acute) such as increased severity and frequency of extreme weather events (e.g. cyclones, droughts, floods and fires). They can also relate to longer-term (chronic) shifts in precipitation and temperature and increased variability in weather patterns or other long-term changes such as sea-level rise
- Transition risks are risks associated with the transition to a low-emissions global economy, the most common of which relate to policy and legal actions, technology changes, market responses and reputational considerations.

Climate-related risks and opportunities are complex and can add to or amplify areas such as credit, funding/liquidity and operational risk directly or indirectly. For example, physical risks could detrimentally impact the customers we lend to and their ability to service loans, as well as reducing the value of property or assets that we lend against. We expect that transition risks could reduce the value of our security and require us to increase our credit provisions to account for the higher risk.

To give context for this report about the risks and opportunities that climate change presents for us, it is useful to consider two key areas of exposure to our customers – first, through our lending profile and secondly, through our customers' emissions profiles.

### Our lending profile.

When we lend to customers, we are indirectly exposed to risks that negatively impact our customers or any of the properties or assets that we lend against. To assess the potential impact of climate risks, one key factor to take into account is our lending to customers by product type, sector or region. In this report, you will frequently see our lending referred to using the concept of Total Committed Exposure (TCE), which is the maximum amount of credit exposure we are committed to incur to a customer.

This year we have undertaken physical risk assessment work that focuses on our exposure to major physical risks based on our TCE in our residential mortgage, agricultural and commercial real estate lending. In addition, we measure and disclose our exposure based on TCE to companies in sectors that are generally subject to heightened transition risk, noting that we are currently supporting some of our larger customers with their transition plans to assist in mitigating this risk.

In relation to emissions, we also use Outstanding Balance as a measure of lending, which is the amount a customer has borrowed at a point in time, and can be less than the TCE. For example, a customer might have the ability to withdraw up to $1,000 (TCE), but only have withdrawn $300 (Outstanding Balance) at a particular date, leaving $700 in available funds. Outstanding Balance is principally used in our detailed reporting on FY25 financed emissions in Appendix 1 Emissions calculations, in particular Table 25: FY25 and FY24 financed emissions by Outstanding Balance, which we disclose alongside TCE-based financed emissions to comply with principles and methodology set out in the Partnership for Carbon Accounting Financials (PCAF) Standard[1].

### Our emissions profile.

As a financial institution, the emissions of our customers are included in our emissions profile - our financed emissions. Our financed emissions represent our share of our customers' emissions, based on our level of business with each customer. A customer's emissions profile is also an indicator of potential transition risk. A customer or sector with a higher emissions profile may face more risk or cost adjusting their business to reduce that emissions profile. This is also an area where we can have impact, helping customers transition to more sustainable, climate-resilient practices. Given the importance of our financed emissions, we present an overview of our GHG emissions in the first section of our report below, including our FY25 financed emissions by industry sector using TCE. Reporting on an Outstanding Balance basis is also included in Appendix 1: Emissions calculations.

As shown in the 'Our financed emissions' section below, and in Appendix 1: Emissions calculations, the relationship between the amount we lend and financed emissions varies significantly based on the sector involved.

[1] PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

# HOW OUR REPORT IS STRUCTURED

**This Climate Report is the second report produced by Westpac NZ under the NZ CS, and the sixth Climate Report in total, as we have voluntarily disclosed our climate approach from 2020. This year we have adjusted the order of our content to help the reader track our journey.**

Section 1

## CLIMATE IMPACTS AND EMISSIONS

The current impact of the climate on us and financed and operational emissions

Section 2

## CLIMATE GOVERNANCE

How we oversee and manage the impact of the climate on our business

Section 3

## CLIMATE ANALYSIS

Our assessment of how the climate may impact us

Section 4

## TAKING CLIMATE ACTION

What we are doing to help transition to a low-emissions, climate-resilient future

Section 5

## ADDITIONAL INFORMATION

Emissions calculations, scenario narratives and physical risk methodologies

# CLIMATE IMPACTS AND EMISSIONS

## The current impact of the climate on us and financed and operational emissions.

**To support the transition to a low-emissions, climate-resilient future, we need to understand the impact the climate is currently having on us and measure our financed and operational emissions. We outline these in this first section to provide understanding to the sections that follow.**

## Our approach

We have considered our current climate impacts from two perspectives:

1. **The impact of the climate on us:** the effect, or result, of a material climate-related risk or opportunity (physical or transitional) that has occurred in the financial year (positive or negative) to 30 September 2025.

2. **Our emissions:** the GHG emissions generated from our lending to customers (financed emissions) and our operations including our suppliers (operational emissions) in the financial year to 30 September 2025.

## The current impact of the climate on us

Current impacts refer to the material effects of climate-related issues on Westpac NZ, occurring within the current reporting period. Impacts can be positive or negative and stem from physical or transition risks or opportunities.

Physical and transition impacts on our customers may affect their ability to operate and thrive in the transition to a low-emissions economy, impacting our business if those customers are unable to meet their interest or repayment obligations to us. Significant capital investment is also needed to respond to climate change, which presents us with opportunities to support our customers.

To determine the current impact of climate on Westpac NZ, including any financial impacts, we used the following process:

1. **Review of risks and opportunities:** we reviewed our identified climate-related risks and opportunities (see Climate Analysis section for the risks and opportunities tables).

2. **Identify and assess impacts:** we gathered internal data on the potential current physical or transition impacts of those risks and opportunities to see whether any of those risks or opportunities had been experienced in the current reporting period. For example, we considered:
   - property damage at operational sites from extreme weather events
   - financial support to customers given in response to climate-related events.

3. **Materiality assessment:** where impacts of climate-related risks and opportunities were identified, we analysed whether they were material (positive or negative) to Westpac NZ.

Westpac NZ did not experience material climate-related impacts (positive or negative) for the year ended 30 September 2025. However, we know that customers are increasingly impacted by climate. We have support available where natural disasters and severe weather events impact customers. This support could include temporary suspension of loan repayments, temporary overdrafts and access to term deposits for customers in financial hardship. We also acknowledge the serious issues that climate change may cause and expect that climate will have a more significant impact on customers and our business in the future.

# Our emissions

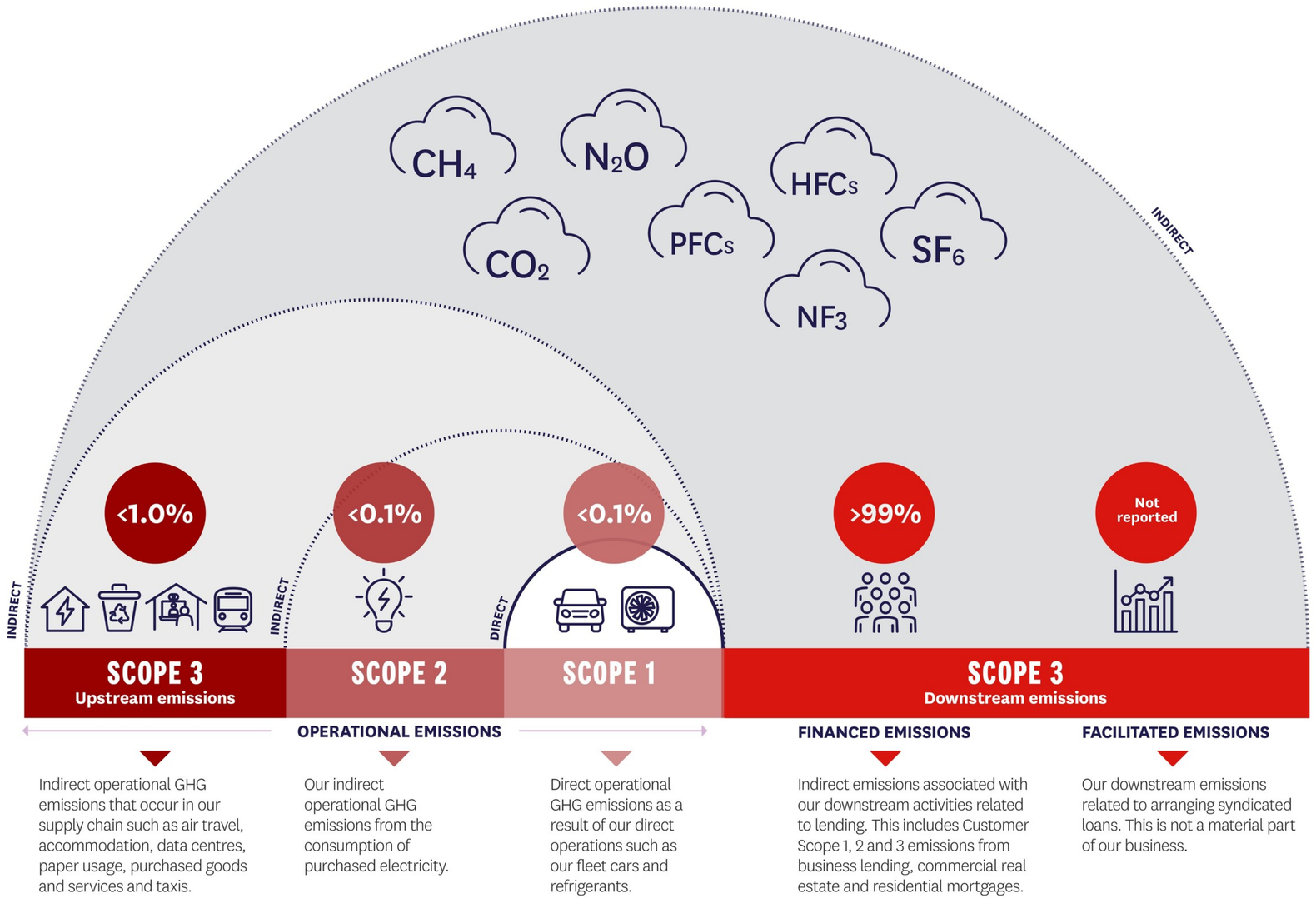
## Overview of GHG emissions.

To reduce our GHG emissions footprint, we must understand our GHG emissions and where we can make impactful change. Our GHG emissions comprise our financed emissions and our operational emissions:

- Financed emissions are associated with our lending activities supporting households and businesses in Aotearoa (Scope 3 Financed emissions). As shown in Figure 1, our financed emissions make up the bulk of our total GHG emissions
- Operational emissions arise from our own business processes. As shown in Figure 1, they can be direct (Scope 1), such as from the use of our fleet of cars, indirect from our electricity use (Scope 2) or indirect emissions from our supply chain (Scope 3 operational emissions). Supply chain emissions include areas such as spend-based purchased goods and services, employee commuting, data centre usage, travel-related emissions and waste.

GHGs covered in this report are $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$ and $NF_3$. These are the main 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. For further information on our GHG emissions methodology, assumptions and estimation uncertainty, see Appendix 1: Emissions calculations.

**Figure 1: GHG emissions overview.**



## Our financed emissions.

Financed emissions are GHG emissions associated with our lending supporting households and businesses in Aotearoa (Scope 3 financed emissions). These are emissions that arise from the projects, companies, households and activities that we finance and include emissions associated with the activities of business customers, along with the emissions associated with the household energy use of residential mortgage customers. We estimate our customers' Scope 1, 2 and 3 emissions, as explained in Appendix 1. The emissions of our customers can be:

- Scope 1 emissions, relating to their direct operations or behaviour
- Scope 2 emissions, relating to purchased electricity, and
- Scope 3 indirect emissions that arise from their supply chain and purchased goods.

As Figure 1 shows on the previous page, as a financial institution, our financed emissions are our largest source of emissions and are therefore where we have the most potential to reduce our emissions.

We calculate our financed emissions using both Outstanding Balance of facilities and TCE as measures of lending. We have adopted the principles and methodology set out in the PCAF Standard; however, WBC and Westpac NZ are not currently signatories to the PCAF Standard. For more information on our methodology including standards used, approach to estimation, consolidation approach, emission factor sources and exclusions, see Appendix 1: Emissions calculations.

### Progress on our focus areas.

We currently have three focus areas for financed emissions. These focus areas and our progress is described below.

1. **Agriculture portfolio emissions intensity:** For Westpac NZ, our agriculture portfolio makes up the largest portion of our Scope 1 and 2 financed emissions, therefore we have set two agriculture emission intensity targets covering the dairy sector and the beef and sheep sector. Emissions intensity for both sectors has decreased from the prior year and our base year, noting that progress for these targets is reported a year in arrears. For more detail including the definitions and scope of each target, refer to the 'Reducing our financed emissions' section.

2. **Improved data quality:** We are aiming to lift the quality of our data by obtaining more customer specific data to have a better estimate of our customers' actual emissions and their progress. The PCAF Data Quality Score provides an indication of this, where we saw an improvement for Scope 1 and 2 improving to 3.98 from 4.12 in FY24 due to refinements made and more customer data being available. For more information on Data Quality Scores, refer to Appendix 1: Emissions calculations.

3. **Engage with customers on transition plans:** We continue to engage with customers on their transition plans, with 22 of our corporate and institutional customers assessed and engaged with in FY25, which will assist us to reduce our financed emissions. These 22 customers represent 35% of our total Scope 1, 2 and 3 financed emissions. We support selected customers using our customer transition plan framework, focussing on customers that are emissions intensive and exposed to climate risk. For more information, refer to the 'Engage with customers on their transition plans' section.

Financed emissions figures will continue to vary year-on-year, as this is impacted by factors such as better data becoming available, measurement coverage continuing to expand and changes to sector or industry emission factors.

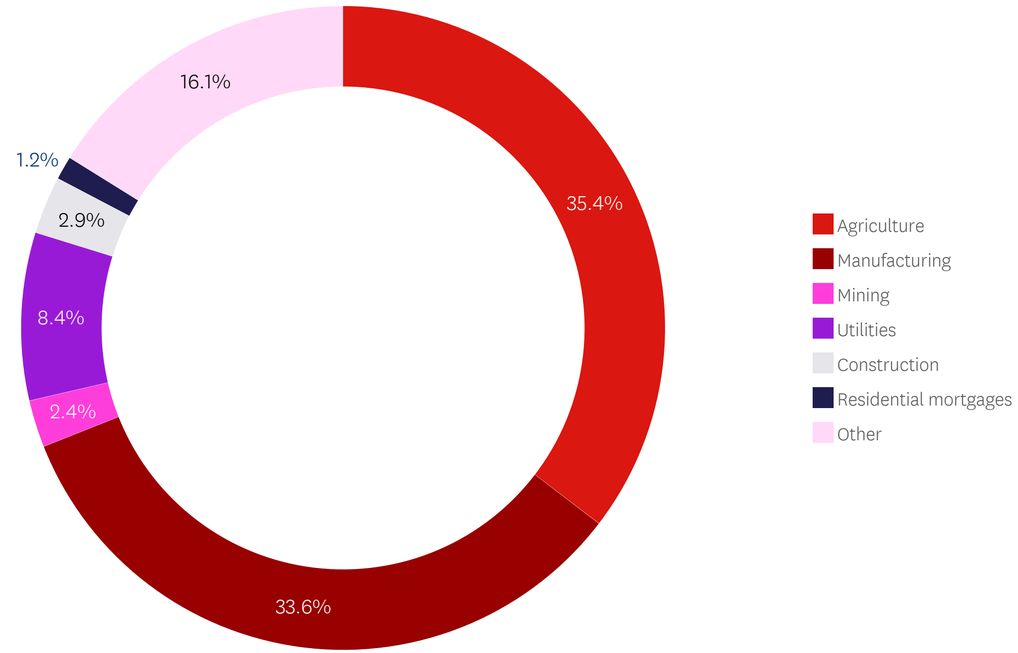
### Our FY25 summary.

This section gives an overview of our financed emissions for the financial year ended 30 September 2025. All analysis in this section is presented on a TCE basis.

Figure 2 below illustrates the proportion of financed emissions attributable across Westpac NZ's business lending (by industry sector) and residential mortgage lending portfolios. This includes our Scope 1, 2 and 3 financed emissions. While our greatest lending exposure comes from our residential mortgages portfolio, the attributed financed emissions are relatively low at 1.2% of our total Scope 1, 2 and 3 financed emissions as the emissions intensity from residential mortgages lending is relatively low (noting there are no Scope 3 emissions measured for residential lending, as discussed on the following page).

Agriculture represents 35.4% of our Scope 1, 2 and 3 financed emissions. As discussed, we have two emissions intensity reduction targets for our agricultural financed emissions which are further discussed in 'Climate Transition Plan' and 'Reducing our financed emissions' in the 'Taking climate action' section.

**Figure 2: Percentage of total Scope 1, 2 and 3 financed emissions by TCE for the financial year ended 30 September 2025.**



**Changes in FY25.**

In FY25, we have improved our approach to estimating Scope 1 and 2 financed emissions by refining the scope and data used as input into our calculations. In line with our restatement methodology, we have not restated our FY24 financed emissions for these changes, as they are data refinements or changes in scope rather than errors or methodology changes, and we do not consider these changes make FY25 incomparable to FY24.

The overall net effect of these changes to the published FY24 figures, if applied, would be a 9.2% decrease in Scope 1 and 2 financed emissions for FY24. This should be considered when looking to understand drivers of the change between FY25 and FY24 financed emissions, noting our financed emissions focus areas outlined above. Decreases in estimated financed emissions should not be inferred as actual changes in customers' emissions.

Table 1 provides an overview of our FY25 financed emissions (Scopes 1, 2 and 3), including the comparative data for FY24 where available. A full breakdown of our FY25 and FY24 financed emissions are set out in Appendix 1: Emissions calculations. Table 1 focuses on two key sectors in order to highlight the trends in our financed emissions across these sectors between FY25 and FY24, aggregating our remaining business lending. We have split out Agriculture, as it is the sector with the greatest proportion of our financed emissions, and residential mortgages, as it is our portfolio with the greatest lending exposure.

**Movement in Scope 1 and 2 financed emissions.**

For FY25, our total Scope 1 and 2 financed emissions have decreased by 11.1% to 4.08 million $tCO_2e$, due to the data refinements of input data, referred to above, and obtaining more customer specific data. Adjusting FY24 for our data refinements this year, our FY25 Scope 1 and 2 financed emissions have decreased by 2.1%. We may experience further fluctuations in year-on-year emissions figures as our process matures and data quality improves. Scope 1 and 2 financed emissions:

- from Agriculture have decreased in FY25 due to obtaining more customer specific data which was lower than non-customer specific data previously used
- from other business lending have decreased slightly in FY25, including a 62.3% decrease in emissions from the mining sector due to a reduction in TCE and obtaining more customer specific data
- from Residential mortgages have increased in FY25 due to an increase in Residential mortgages and an increase in the emissions associated with household energy use (on average)
- intensity decreased by 15.6% to 31.76 $tCO_2e$ per $million lent.

**Movement in Scope 3 financed emissions.**

For FY25, our Scope 3 financed emissions have increased by 67.5% to 5.10 million $tCO_2e$ because we have increased our measurement coverage to extend to all industry sectors in the business lending asset class, including agriculture and trade sectors that were previously excluded. When applying the FY25 data refinements to FY24 figures and excluding this year's additional coverage to improve comparability, our Scope 3 financed emissions have increased by 6.3%, due to an increase in lending to the manufacturing sector. We do not report customer Scope 3 emissions for residential mortgages as PCAF does not define a methodology for calculation as these emissions are not considered related or influenced by the mortgage contract.

**Movement in total financed emissions.**

Overall in FY25, our total Scope 1, 2 and 3 financed emissions have increased by 20.3% to 9.17 million $tCO_2e$, largely due to increasing our measurement coverage of Scope 3 emissions. When applying the FY25 data refinements to FY24 and excluding this year's additional coverage to improve comparability, our total Scope 1, 2 and 3 financed emissions have increased by 1.6%. Our GHG assurance providers, KPMG, have issued a limited assurance opinion over our FY25 GHG emissions including our financed emissions (excluding emissions intensity metrics disclosed), as set out in their Assurance Report.

### Financed emissions estimation limitations.

Estimating financed emissions has inherent limitations due to the availability and accuracy of data sources, methodologies and the incomplete and evolving scientific knowledge underpinning these estimates. Our approach is to use the best input data available to us at the point of calculation; however, the following limitations may be present in our calculations:

- Where the best input data (such as sufficiently recent customer-level financial and emissions data) is not readily available, we estimate their emissions attributable to us using proxy data (such as industry based emissions factors or regional averages). This makes our calculation less accurate as actual customer emissions are likely to differ from our estimates
- We may need to apply data from different time periods depending on availability
- Changes to methodologies and underlying data may change the results and impact comparability over time
- We use Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes to identify customers' primary business activity / sector; however, these may not accurately reflect diversified business activities and / or sector transition.

**Table 1: Overview of FY25 financed emissions by TCE.**

| Industry sector | Customer Scope 1 and 2 emissions ($tCO_2e$) [1] | | % of total Westpac NZ's total customer Scope 1 and 2 emissions | | Emissions intensity for Scope 1 and 2 emissions ($tCO_2e$/$million lent) | | Scope 1 and 2 PCAF Data Quality Score | | Customer Scope 3 emissions ($tCO_2e$) [1] | | Scope 3 PCAF Data Quality Score | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 |
| Agriculture | 2,818,652 | 3,270,406 | 69.14 % | 71.33 % | 303.67 | 349.73 | 3.38 | 3.71 | 428,114 | NR | 4.21 | NR |
| Other business lending (incl. commercial real estate) | 1,149,175 | 1,228,751 | 28.19 % | 26.81 % | 31.53 | 36.08 | 4.03 | 4.45 | 4,669,234 | 3,042,795 | 4.13 | 4.08 |
| Residential mortgages | 108,688 | 86,046 | 2.67 % | 1.88 % | 1.32 | 1.09 | 4.02 | 4.03 | NR | NR | NR | NR |
| Total in scope lending | **4,076,515** | **4,585,203** | **100.00 %** | **100.00 %** | **31.76** | **37.64** | **3.98** | **4.12** | **5,097,348** | **3,042,795** | **4.15** | **4.08** |

[1] We have made improvements in our approach to estimating Scope 1, 2 and 3 financed emissions in FY25 which will impact the comparability of certain figures in the above table. Refer to the text above for further details and explanation of underlying movements.

## Our operational emissions.

Operational emissions are associated with the day-to-day running of our business, and we report these in accordance with the Greenhouse Gas Protocol[2]. We have been measuring and managing our operational emissions, including being Toitū net carbonzero certified since 2019. We measure Scope 1 and 2 and specific categories of Scope 3 operational emissions, including Scope 3 operational emissions from GHG Protocol categories 1 to 7, as we deem these to be material to our business. For more detail on our operational emissions figures and categories, refer to Appendix 1: Emissions calculations.

### Progress on our focus areas.

We have set operational emissions targets to reduce both our absolute Scope 1 and Scope 2 operational GHG emissions and absolute Scope 3 operational GHG emissions for baseline categories by 40% by 2027, from a 2019 baseline.

In FY25, we have achieved our targets early through a 48% reduction in both Scope 1 and Scope 2 operational GHG emissions and Scope 3 operational GHG emissions from internal 'baseline' categories from FY19 (our base year), with the focus now on maintaining this reduction. Our internal 'baseline' categories for our absolute Scope 3 operational GHG emissions target are air travel, freight of cash, private car use for business travel, rental cars, taxis, transmission and distribution losses from electricity and natural gas and waste. For more information on our targets, refer to the 'Progress towards operational emissions targets' section.

### Our FY25 summary.

This report discloses our Scope 1 and 2 and specific categories of Scope 3 operational emissions for the year ended 30 September 2025. Our gross operational emissions for FY25 are 68,575 $tCO_2e$. Our gross operational emissions for FY25, FY24 and FY23 are shown on page 12 in Table 2.

Figure 3 illustrates the proportion of our operational emissions across Scopes 1, 2 and 3. This year we have expanded our Scope 3 measurement to include our operational emissions from capital goods, employee commuting, freight of cash and spend-based purchased goods and services. These new categories have significantly increased our Scope 3 operational emissions, which now generate 97% of our total operational emissions. Figure 4 shows that purchased goods and services, capital goods and employee commuting create the majority of our Scope 3 emissions.

**Figure 3 : FY25 Scopes 1, 2 and 3 operational emissions by percentage.**

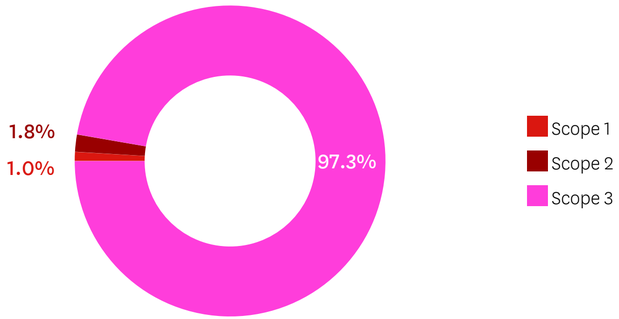
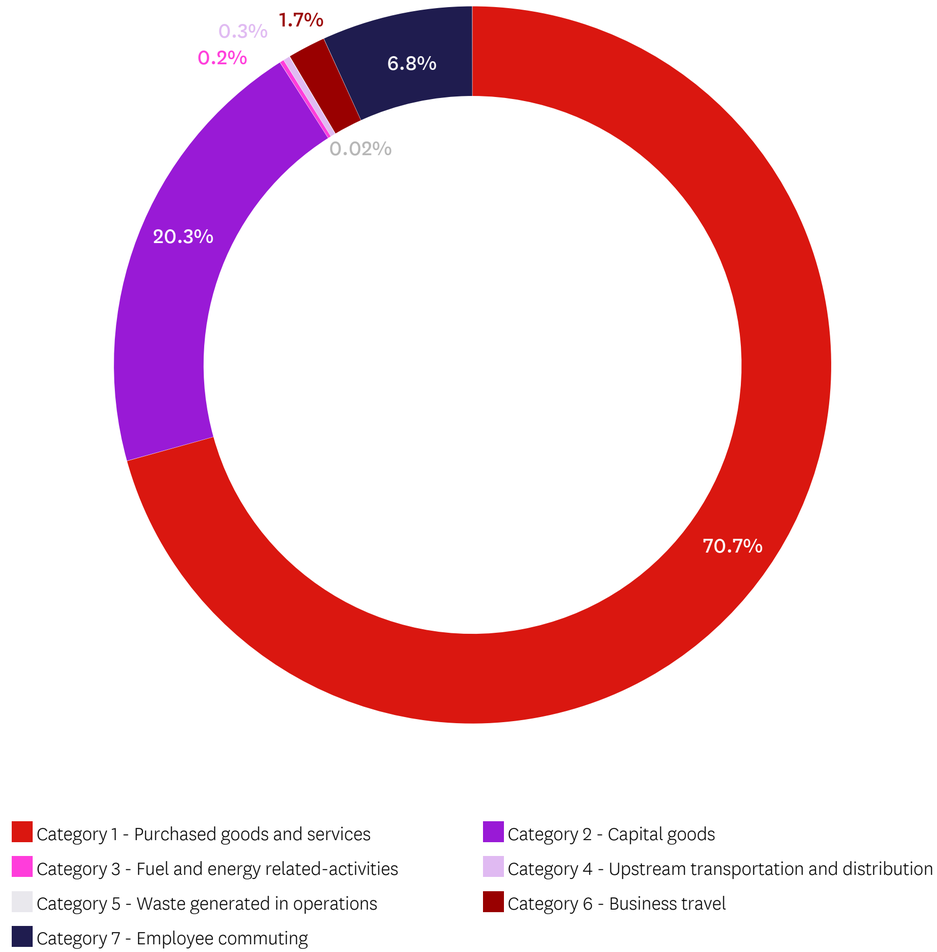



**Figure 4: FY25 Scope 3 operational emissions by category.**




[2] The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (collectively the GHG Protocol).

**Movement in Scope 1 and 2 operational emissions.**

We have reduced our Scope 1 operational emissions by 15% in FY25 from FY24 due to a reduction in natural gas and transport energy consumption. Our Scope 2 operational emissions have increased by 29% this year, primarily as the emissions factor used to calculate emissions in FY25 from purchased electricity increased by 38.7%. This is due to increased fossil fuel generation to meet the national grid requirements in 2024. We report our Scope 2 operational emissions using the location-based method. Our progress on managing our Scope 1 and 2 operational emissions this year included:

- 98.5% of our vehicle fleet are now electric and plug-in-hybrid vehicles, up from 97% in FY24 and 74% in FY23
- a reduction in natural gas and electricity consumption by moving our Wellington corporate site to a building that has a number of sustainable features including LED lighting and efficient air conditioning units. This move led to a reduction in natural gas consumption by 31% in FY25 (389,570 kWh) compared to FY24 (566,763 kWh) and reduction in electricity consumption by 11% in FY25 (616,393 kWh) compared to FY24 (690,197 kWh)
- the installation of solar energy systems at two sites.

**Movement in Scope 3 operational emissions.**

Excluding new Scope 3 emissions categories reported in FY25, emissions have increased by 18% from FY24 mainly due to a temporary increase in the number of data centres required while we transition to new sites (and associated increase in electricity emission factors). We are scheduled to complete the transition to two new energy efficient data centres by early FY26. Our Scope 3 emissions reported prior to FY25 result from accommodation, air travel, electricity use from data centres, offsite electric vehicle charging, paper, private car use for business travel, rental cars, taxis, transmission and distribution losses from electricity and natural gas, waste and working from home. In FY25 we have improved our measurement of operational emissions by increasing our coverage of Scope 3 emissions. We now also measure Scope 3 emissions from capital goods, employee commuting, freight of cash and spend-based purchased goods and services. This increased coverage has resulted in a significant increase in our Scope 3 operational emissions in FY25 from FY24. For more detail on our extended coverage of Scope 3 operational emissions, refer to Table 29 in Appendix 1 (page 49).

**Movement in total operational emissions.**

Based on operational emission categories reported in FY24, our operational emissions have increased by 14% in FY25 compared to FY24. These figures do not include new categories of Scope 3 emissions Westpac NZ has measured and introduced reporting for in FY25, as we do not have comparative figures for these from previous years. To support a low-emissions, climate–resilient future, we have set 2027 absolute operational emissions targets. For information on our progress towards our targets and our initiatives to improve our operational emissions profile, see 'Progress towards operational emissions targets' and 'Climate Transition Plan' in the 'Taking Climate Action' section.

## Frameworks and certifications.

Westpac NZ is currently Toitū net carbonzero certified. To achieve certification, we offset certain operational emissions sources included in our inventory that are required for Toitū's net carbonzero programme and were identified with reference to the GHG Protocol and the ISO 14064-1:2018 standard, using an operational control consolidation approach. Only a subset of our FY25 operational emissions disclosed are offset. Refer to Table 29 in Appendix 1 for detail on the emissions that are offset. KPMG have issued limited assurance over our Scope 1, Scope 2 and Scope 3 GHG emissions, including our operational emissions for FY25 (excluding emissions intensity metrics disclosed). Refer to page 54 for KPMG's limited assurance opinion.

## Operational emissions estimation limitations.

Some disclosures that have been made are based on data or estimates provided by third parties. It is assumed that the data sources are complete and accurate when received from our suppliers. These data sources have not been independently audited or verified by us and it is reasonable for us to be able to rely on the information provided. Full details of data sources, key assumptions and limitations that may involve uncertainty can be found in Appendix 1: Emissions Calculations - Operational Emissions.

**Table 2: Operational emissions year on year comparison.**

| Scope | FY25 ($tCO_2e$) | FY24 ($tCO_2e$) | FY23 ($tCO_2e$) |
|---|---|---|---|
| Scope 1 | 653 | 768 | 955 |
| Scope 2 | 1,232 | 952 | 977 |
| Scope 3 emissions reported prior to FY25 | 2,247 | 1,904 | 2,255 |
| New Scope 3 emissions reported in FY25 | | | |
| · Category 1 - Spend-based Purchased Goods & Services | 46,397 | NR | NR |
| · Category 2 - Capital Goods | 13,503 | NR | NR |
| · Category 4 - Upstream Transportation & Distribution | 221 | NR | NR |
| · Category 7 - Employee Commuting | 4,323 | NR | NR |
| Total Scope 3 emissions | 66,690 | 1,904 | 2,255 |
| **Total operational emissions (Scope 1, 2 and 3)** | **68,575** | **3,624** | **4,187** |
| Operational emissions (Scope 1, 2 and 3) sources reported prior to FY25 | 4,132 | 3,624 | 4,187 |
| **Emissions intensity** | | | |
| Operating revenue (gross $tCO_2e$/$Millions) | 21.99 | 1.17 | 1.44 |

Note we have restated the FY24 and FY23 operational emissions intensity disclosed in the FY24 Climate Report, as the FY24 and FY23 calculations used a subset of operational emissions rather than the gross operational emissions to generate the intensity figures.

## Residual emissions.

We do not rely on carbon credit offsets to achieve our operational emissions targets. However, to achieve our Toitū net carbonzero certification we purchase certain carbon offsets, whilst prioritising working to reduce our business's gross emissions. We purchase carbon credits to offset all of our residual operational emissions (excluding capital goods, employee commuting and our spend-based purchased goods and services), which is estimated to be 2,494 $tCO_2e$ in FY25 (subject to Toitū audit and certification). We do not include any sources that already have removals associated with them, which includes our Scope 2 purchased electricity that is covered via our purchase of Renewable Energy Certificates (RECs), our carbon-neutral paper supply and our data centres that purchase RECs for their electricity consumption. During FY25, we have purchased RECs to offset 100% of our purchased electricity consumption. It is important to us that our carbon credit investment stays in Aotearoa and supports native forestry, which is why we have been purchasing credits from a number of local suppliers. To offset our total residual operational emissions for the FY25 period, we purchased and will use units from a number of local suppliers including the Spray Point Station, Marlborough GHG removal project. Spray Point Station is focused on protecting and enhancing the natural environment and indigenous biodiversity. Since purchasing the property in 2004, the owners have set aside more than 1,000ha of land as an open space covenant (registered with the QEII National Trust), with the aim of restoring the land to support indigenous fauna and flora. These units were not verified independently beyond the Toitū net carbonzero certification.

# CLIMATE GOVERNANCE

## How we oversee and manage the impact of the climate on our business and support Aotearoa's transition to a low-emissions economy.

This climate governance section shows how we are governing the organisation to oversee and manage climate impacts and support the transition to a low-emissions economy, including how climate information flows through the levels of the bank and the role of the Board and senior management.

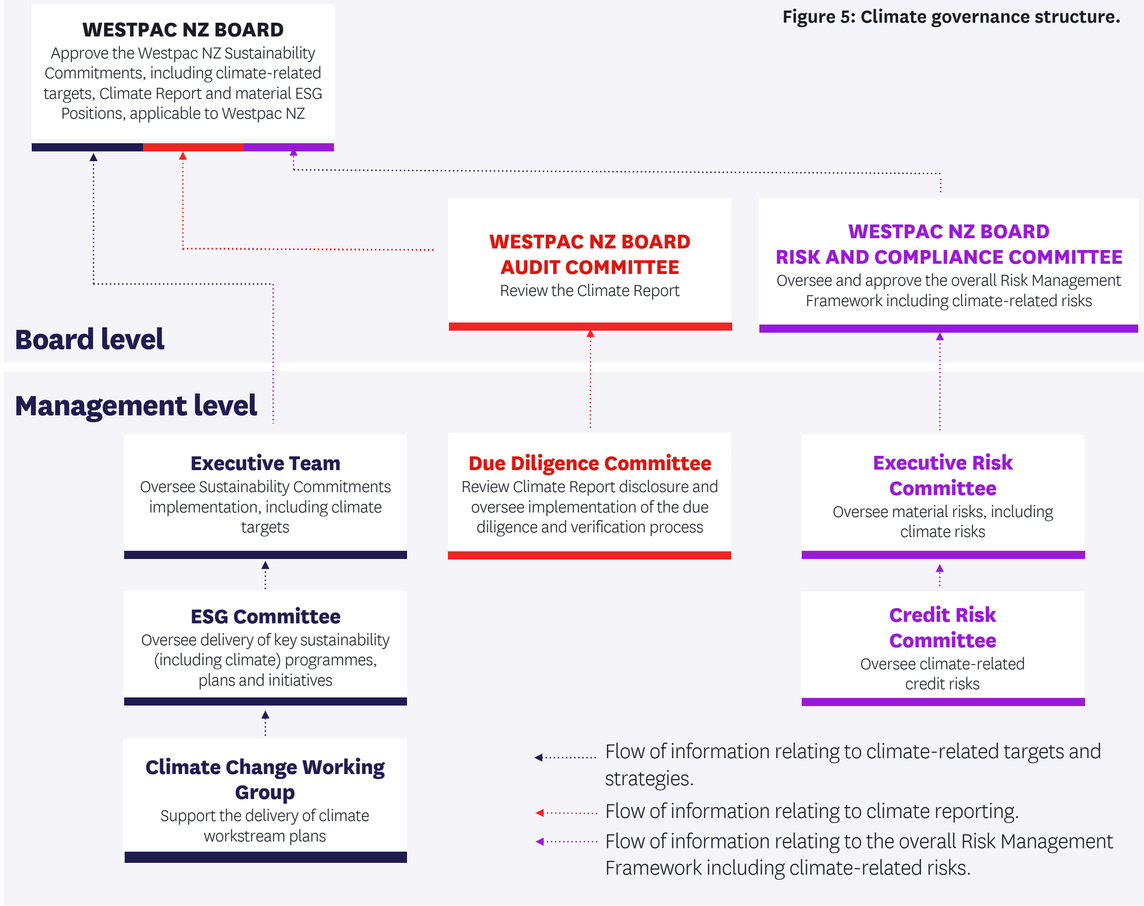
## Climate governance at Westpac

Our Board of Directors (Board) is responsible for overseeing the Executive Team (ET)'s management of the impact of the climate on our business. This ensures climate-related risks and opportunities are overseen at the most senior levels of the bank. In 2025, we have continued to embed climate considerations into our governance processes and operations.

### Climate governance structure.

Figure 5 shows how climate-related information flows through our governance structure. This enables climate considerations to be embedded into our day-to-day operations and supports informed decision-making throughout our various governance levels, with advice on material climate-related risks and opportunities feeding in from across our bank.

**Figure 5: Climate governance structure.**



## The Board's role

### Board oversight of climate-related risks and opportunities.

The Board is responsible for setting and overseeing delivery of Westpac NZ's strategy and risk management. The Board oversees our response to climate-related risks and opportunities and monitors progress against strategic targets. As part of its responsibilities, the Board approved the Westpac NZ 2027 Sustainability Commitments (Sustainability Commitments), which contains our updated sustainability, including climate-related, targets. Our Sustainability Commitments have now replaced our previous 2025 Sustainability Strategy. The Board is supported in the oversight of climate-related risks and opportunities by the Board Risk and Compliance Committee (BRCC) and the Board Audit Committee (BAC).

During FY25, the Board engaged and received updates on sustainability, including climate-related matters, in a variety of forms at seven meetings. These engagements included approval of our Sustainability Commitments in October 2024, a final progress update against our 2025 Sustainability Strategy in November 2024, a climate scenario analysis session in February 2025, the annual Board Strategy Review in March 2025 and Board education. The Board also receives recommendations on climate-related matters from relevant Executive Team (ET) members as required.

The BRCC has been delegated responsibility for the oversight of climate-related risk identification, assessment and management and met four times in FY25. Alongside these responsibilities, during FY25 the BRCC received two dedicated updates on the progress of Westpac NZ's climate change and customer resilience work. It also received a risk report at each meeting from the Managing Director Product Sustainability and Marketing (MD PSM) which addressed climate-related matters as appropriate. If material climate-related risks arise, the BRCC may provide updates to the Board regarding those risks.

Our Climate Report is approved by the Board, upon recommendation from the BAC. The BAC receives updates from the Chief Financial Officer (CFO) on the Climate Report and provides feedback, prior to recommendation to the Board for approval. It considered the Climate Report or related matters at four meetings in FY25.

### Board skills and competencies.

Overall Board and Board Committee performance is assessed annually. The 2025 assessment incorporates climate-related considerations.

The Board maintains a Board Skills Matrix which is reviewed annually. The ESG capability component of the Board Skills Matrix specifically addresses director experience in identifying and managing potential climate-related risks and opportunities. Directors undertake self-assessments annually against the Board Skills Matrix and the outcomes are presented to the Board for discussion. For FY25, this took place in November 2024.

In March 2025, a director education session on customer resilience and managed retreat was facilitated for the Board, with a subsequent session in May 2025 focussing on climate adaptation.

ESG training requirements are considered annually as part of the overall Board and Board Committee programme of work and forward-looking director education plan.

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

The Board received the final update from the MD PSM on the implementation of the previous 2025 Sustainability Strategy in November 2024. In February 2025, Westpac NZ's annual climate change scenario session was held, in which the Board identified risks and opportunities arising from Westpac NZ's three climate scenarios for consideration in enterprise-wide business planning. Climate-related risks and opportunities were presented to the Board for consideration as part of its annual Board Strategy Review process in March 2025. In May 2025, the Board received the first progress update on the Sustainability Commitments. The appropriate cadence for on-going progress reporting against the Sustainability Commitments is being assessed. The Board was also presented with proposed climate adaptation growth opportunities in August 2025. We are continuing our work to fully integrate climate information into the strategic planning process.

### Board monitoring of metrics and targets.

In FY25, the Board oversaw progress against Westpac NZ's sustainability targets through reporting from the MD PSM on our 2025 Sustainability Strategy and 2027 Sustainability Commitments. Updates on climate-related measures were also included in the Board Risk Appetite Statement which sets out risk appetite measures for our material risks, including climate physical risk measures. Risk exposures against the Risk Appetite Statement are monitored through the Risk Appetite Dashboard which is reported to the Board and BRCC at least quarterly. In FY25, the Risk Appetite Dashboard included data on the proportion of residential mortgage lending secured by properties exposed to a heightened natural coastal hazard risk from sea level rise under a 4 degrees Celsius warming scenario. The Risk Appetite Statement is reviewed annually, including the measures used in the Risk Appetite Dashboard. For more information on how we monitor climate-related risk, see the Climate Analysis section.

## Climate Related Remuneration

Our Chief Executive Officer (CEO) remuneration is approved by the Board annually on recommendation from the Board People and Remuneration Committee (BPRC). The Board approves CEO remuneration informed by performance against CEO Scorecard outcomes.

The BRCC and BPRC approve the Chief Risk Officer (CRO) remuneration measures annually. The remainder of relevant ET remuneration is approved annually by BPRC on recommendation from the CEO. The CEO provides recommendations to BPRC on the performance review and recommended remuneration outcomes for ET.

Our CEO and ET remuneration includes a mix of financial and non-financial performance measures aligned to key strategic priorities, including climate. Adjusted climate-related performance measures have been set this year for the CEO, MD PSM and Managing Director Institutional & Business Banking (MD IBB).

**Table 3: Climate-related remuneration linked performance measures.**

| Role | Performance measure | % of total weighting |
|---|---|---|
| **CEO 2025** | Assessment and engagement with customers' transition plans against Westpac Climate Transition Plan Assessment Framework.<br>Progress towards Westpac NZ 2027 Sustainable Finance targets. | 10% |
| CEO 2024 | Progress towards aligning our lending approach to the Net-Zero Banking Alliance commitment to develop a framework for credible transition plans. | 5% |
| **MD PSM 2025** | Progress towards Westpac NZ's 2027 Sustainability Commitments. | 4% |
| MD PSM 2024 | Delivery of sustainability targets as set out in the 2025 Sustainability Strategy. | 10% |
| **MD IBB 2025** | Assessment and engagement with customers' transition plans against Westpac Climate Transition Plan Assessment Framework.<br>Progress towards Westpac NZ 2027 Sustainable Finance targets. | 8% |
| MD IBB 2024 | Progress towards aligning our lending approach to the Net-Zero Banking Alliance commitment to develop a framework for credible transition plans.<br>Progress towards Westpac Group 2030 Sustainable Finance targets. | 10% |
| **CRO 2025** | There is no performance measure for CRO for 2025. | N/A |
| CRO 2024 | Delivery of the Climate Risk Management Workstream. | 6% |

## Management's role

Day-to-day management of climate-related risks and opportunities is delegated to ET members. Our ET receive advice from the business regarding the impact of climate-related risks and opportunities through the processes outlined below.

**Table 4: Management's role.**

| | Role | Responsibilities | Process and frequency |
|---|---|---|---|
| **Executive team members** | Chief Executive Officer | Supports the Board in the oversight of climate-related risks and opportunities. | Presents the CEO report, which includes updates on climate-related risks or opportunities as appropriate, to the Westpac NZ Board.<br>As a member of the Executive Risk Committee (RISKCO), receives quarterly updates on climate-related risks as appropriate. |
| | Chief Financial Officer | Oversees the preparation of both the Climate Report and Westpac NZ's financed emissions. | Reports to the BAC or the Board on the Climate Report, twice a year, or more frequently if required.<br>As a member of the ESG Committee, oversees delivery of ESG activities and receives updates as appropriate on sustainability targets, key ESG positions, relevant climate-related issues and action plans. As a member of the Due Diligence Committee (DDC), considers the Climate Report twice a year, or more frequently if required, prior to publication. |
| | Chief Risk Officer | Escalates material risks, including material climate-related risks, to the CEO, the Board and its committees. | Provides quarterly risk reporting to the BRCC on material risks, including material climate-related risks as required.<br>As Chair of the RISKCO, receives quarterly updates on climate risk as appropriate.<br>As a member of the ESG Committee, oversees delivery of ESG activities and receives updates as appropriate on sustainability targets, key ESG positions, relevant climate-related issues and action plans.<br>As a member of the DDC, considers the Climate Report at least twice a year or more frequently if required, prior to publication. |
| | Managing Director Institutional and Business Banking | Oversees Westpac NZ's contribution towards Westpac Group's financed emissions sector reduction targets and delivery of Westpac NZ's sustainable lending targets. Ensures ESG risks in relation to Business lending are assessed and, where necessary, escalated. | As a member of the ESG Committee, receives monthly updates on the delivery of the ESG Programme and updates as appropriate on sustainability targets, key ESG positions, relevant climate-related issues and action plans. |
| | Managing Director Product, Sustainability and Marketing | Manages development and implementation of the Sustainability Commitments and co-ordinates Westpac NZ response to climate challenges and opportunities. Oversees delivery of key ESG positions and action plans, including Westpac NZ's Climate Transition Plan. Facilitates alignment of sustainability and the business strategy outcomes and supports the Board's oversight of sustainability risks and opportunities through six monthly progress updates or as required. | Provides updates and recommendations to the ET and the Board as required to inform decision making.<br>As Chair of the ESG Committee, receives monthly updates on the delivery of the ESG Programme and updates as appropriate on sustainability targets, key ESG positions, relevant climate-related issues and action plans. |
| **Management-level committees** | Due Diligence Committee | Oversees the preparation, due diligence and verification processes for our public disclosure documents, including the Climate Report, in accordance with Westpac NZ's Climate Report Due Diligence Policy. Reviews and approves materiality guidance. Consists of key ET members and is chaired by the General Counsel. | Meets to consider the Climate Report twice a year or more frequently if required. Reviews our Climate Report annually prior to its recommendation to the BAC and the Board. Recommends material changes to the Climate Report Due Diligence Policy to the Board at each 2-yearly review. |
| | Environmental, Social and Governance Committee | Oversees the implementation of the ESG Programme, public sustainability targets, material ESG positions and action plans, including our Climate Transition Plan. Consists of key ET members with specific accountabilities across a range of sustainability initiatives, and is chaired by the MD PSM. | Meets monthly to discuss strategic sustainability issues and opportunities. The Committee oversees implementation of the ESG Programme and informs and supports ESG related recommendations to the ET. |
| | Climate Change Working Group | Supports the ESG Committee on climate-related aspects of our ESG Programme, sustainability targets, key ESG positions and our Climate Transition Plan. Consists of key stakeholders from across the bank. | Meets monthly to build awareness and capability on climate change issues across Westpac NZ, discuss ESG Programme progress and informs the ESG Committee. Does not engage directly with the Board, but informs the ESG Committee which reports information as detailed above. |
| | Executive Risk Committee | Oversees material risks across the bank, including climate-related risks. Consists of the ET members and is chaired by the CRO. | Meets quarterly, or more frequently if necessary. Receives quarterly risk reporting from across Westpac NZ. Does not engage directly with the Board, but informs appropriate individuals, such as the CEO or CRO who advise the Board and BRCC on risk decisions, as required. |
| | Credit Risk Committee | Oversees credit risks, including climate-related risks and provides input on enhancements to Risk Appetite Statements and credit policies. Consists of individuals who make credit risk decisions and is chaired by the Head of Portfolio Insights. | Meets quarterly, or more frequently if necessary. Receives quarterly credit risk-related updates. Provides relevant updates to the RISKCO as a sub-committee. Does not engage directly with the Board, but informs appropriate individuals, such as the CEO or CRO who advise the Board and BRCC on credit risk decisions, as required. |

# CLIMATE ANALYSIS

## Our assessment of how climate may impact us.

**In order to better understand the climate-related risks we face and opportunities that may be presented to us, we need to understand how the climate may affect us in the future. We have conducted a climate scenario analysis exercise and apply our existing risk management tools to climate risks. We have also conducted deeper analysis into specific climate hazards to test their impact on our business now and in the future.**

## Climate analysis introduction

This climate analysis section explains:

- how climate risk is addressed within our established risk management framework and processes
- methodologies of considering climate-related risks and opportunities on a targeted basis, including:
    - scenario analysis
    - assessing assets vulnerable to transition risk; and
    - assessing assets vulnerable to physical risk, an area in which our capabilities have been expanded significantly in FY25.

## Risk management overview

Our Risk Taxonomy provides a single comprehensive view of the risks faced by Westpac NZ. This provides a common language for describing material risks and sub-categories of risk.

Our Risk Management Framework documents and describes our approach for managing those material risks. All material risks, whether financial or non-financial risks, are managed in accordance with the Risk Management Framework. The Risk Management Framework integrates climate-related risk into the overall risk management approach by recognising climate-related risk as both a financial risk and non-financial risk in our Risk Taxonomy.

We have adopted a Sustainability Risk Management Framework which sets out our approach to climate-related risk, defining roles and responsibilities in line with our Three Lines of Defence Model Standard. This framework is reviewed regularly by the framework owner (Chief Compliance and Non-Financial Risk Officer); and approved by the Board Risk and Compliance Committee every two years. It evolves as our needs and expectations evolve.

Our Climate Risk Policy sets out requirements to ensure that climate-related physical and transition risks are appropriately identified, assessed and managed. It requires that all processes involving strategic planning and review must include the consideration of climate risks, opportunities and impacts. The Climate Risk Policy also sets principles for how we seek to understand material climate-related risks, opportunities and impacts.

Risk appetite settings for our organisation are approved by the Board annually. These form the Risk Appetite Statement, which includes climate-related metrics. Updates on the measures covered in our Risk Appetite Statement, are reported to the Board Risk and Compliance Committee and the Board at least quarterly through a Risk Appetite Dashboard.

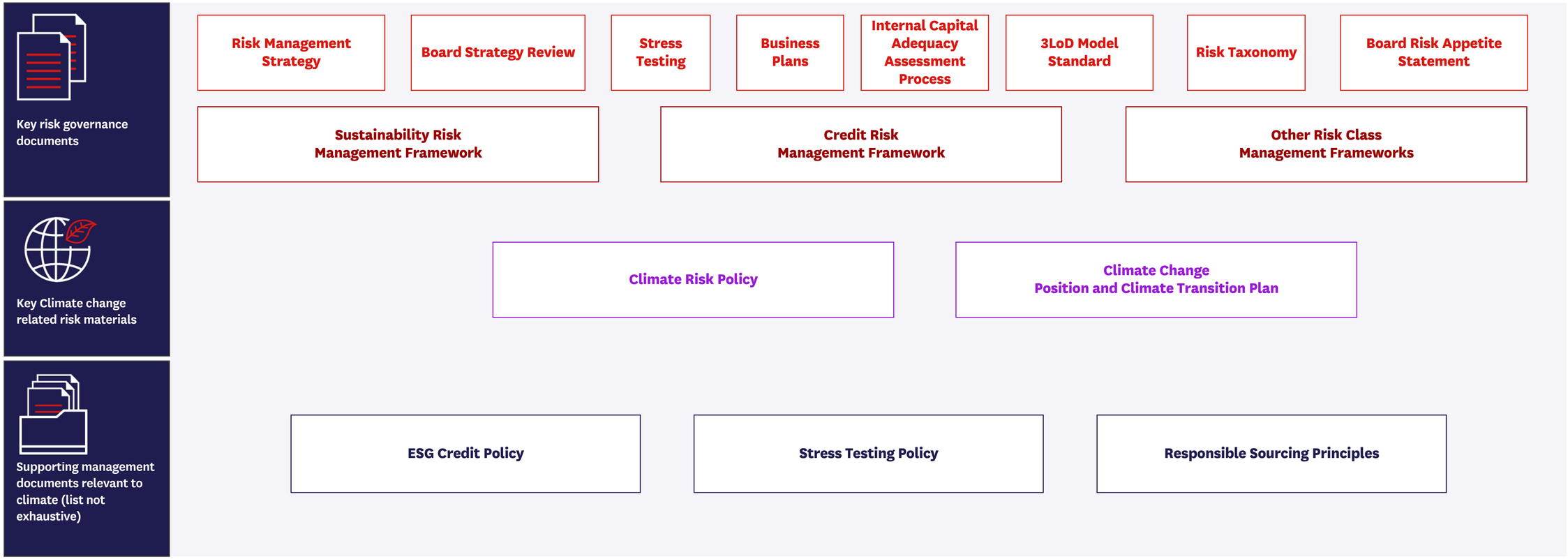
As with other risks managed in line with the Risk Management Framework, climate-related risks are primarily assessed based on potential likelihood and impact of that risk occurring. This is an approach consistently applied across the various non-financial risk classes.

Periodic reviews of our risk profile enable our Management and Board to understand where the most significant exposures exist and ensure mitigating actions are appropriately prioritised.

**Figure 6: Risk taxonomy.**


Figure 7 shows the risk management document hierarchy that is relevant to climate-related risk.

**Figure 7: Climate-related policies and principles within Risk Management Framework.**



# Identifying, assessing and managing climate-related risks

## Overview of relevant risk management approaches.

Managing risk is central to our business. We recognise that climate-related risk intersects with traditional banking risk categories - principally credit risk but also funding and liquidity risk, as well as non-financial risk categories such as operational risk, strategic risk, conduct and compliance risk. Figure 6 above shows Westpac NZ's Risk taxonomy. In this section, we explain:

1. our general risk management approaches that intersect with climate risk:
- non-financial risk assessments
- emerging risk monitoring
2. our risk management approaches that cover climate-related credit risk directly:
- customer-level ESG assessments under our ESG Credit Policy
- physical climate risk assessment

The climate scenario analysis process described in the Scenario analysis section below is a climate-specific risk identification method that is used to identify both credit and other risks. It is not used for the assessment or ongoing management of risks.

## General risk management intersecting with climate.

### Non-financial risk assessments.

We conduct non-financial risk assessments annually and following material trigger events, to determine inherent and residual risks, in accordance with our Risk Management Framework. When assessing the potential impacts of their risks, business units are required to qualitatively evaluate the internal and external impacts of identified risks or incidents should they occur, facilitated by our Risk Impact and Likelihood Matrix. Climate-related risk is considered within these assessments, as two of the categories assessed for risk impact for all non-financial risks are 'environmental' and 'social'. Assessing environmental and social impacts requires recognition that in certain circumstances our action or inaction can result in:

- people or communities (and their human rights) being put in a difficult, compromised or harmful position
- damage to the physical environment, including climate and nature-related impacts.

Furthermore, within our Risk Taxonomy, 'Climate Change' is a specific risk class within '11. Reputational and Sustainability Risk', defined as "the risk of loss or negative impact as a result of a failure to recognise and address the current or emerging risks of climate change (transition, physical, liability)". This means we apply inherent and residual risk assessments as described above to determine our exposure to climate change risk specifically, as well as the environmental and social impact across all non-financial risks.

### Emerging risk monitoring.

We review our internal and external environment twice a year and maintain an emerging risk landscape. This helps us understand how risks, including related to climate change, are emerging across our organisation to determine whether our current responses require adjustment. The time horizons used for emerging risks and shown in Table 5 below are set based on the speed with which an emerging risk could transition to a current risk, while considering which risks are further out in time but could evolve rapidly with potentially significant impact.

## Credit risk assessments covering climate-related risk directly.

Climate-related impacts to our customers could impact Westpac NZ primarily through increasing our credit risk.

### Our ESG Credit assessments.

Our ESG Credit assessment process enables identification of specific climate-related risks, alongside other environmental, social, and governance related risks. Our ESG Credit Policy was first implemented in 2013, with a focus on ensuring a common approach to managing ESG, reputation and sensitive transaction risks from a credit perspective and to minimise the financial (and potentially, reputational) impacts resulting from lending decisions. The ESG Credit Policy applies to Transaction Managed business lending. This is an internal classification of customers managed on an individual basis for reasons of exposure size or complexity.The ESG Credit Policy has undergone several rounds of uplift over the past 12 years, including the integration of the assessment into lending origination systems to ensure it is well embedded across Corporate and Institutional portfolios. ESG credit risk assessments are not carried out for smaller, less complex business customers or for any of our retail customers.

An ESG credit risk assessment is completed for Transaction Managed customers when they are onboarded and at least annually thereafter. We also complete an assessment if there is a material increase in an existing customer's debt or material changes in their business or circumstances.

Relationship bankers must identify what ESG risks are inherent to the customer and their activities, which can include impacts of climate change, including physical and transition climate-related risks – considering the impact on a Transaction Managed customer's creditworthiness, as well as potential implications for assets held as security and recognising any changes to the ongoing viability of the business. The assessment reviews the customer against our Westpac Group Sustainability Positions to help ensure our lending activities operate within the requirements of our Sustainability Risk Management Framework.

The ESG credit risk assessment considers the sensitivity of the identified risks and the strength of the controls and mitigants the customer has in place to manage those risks. These two elements give the resultant residual risk and materiality. The ESG Credit Policy encourages ESG credit risks such as climate-related risks to be assessed considering impacts beyond the tenor of the lending, acknowledging that these risks can materialise over varying time horizons and can be likely to worsen over time. Our focus is on practical engagement with customers to support them to mitigate ESG risks, rather than reducing lending.

Assessments which identify activities that are inconsistent with the requirements of the Westpac Group Sustainability Positions or have a higher level of residual risk are escalated for assessment and, if required, further escalated with senior management for support or approval on a case-by-case basis.

### Physical climate risk assessment.

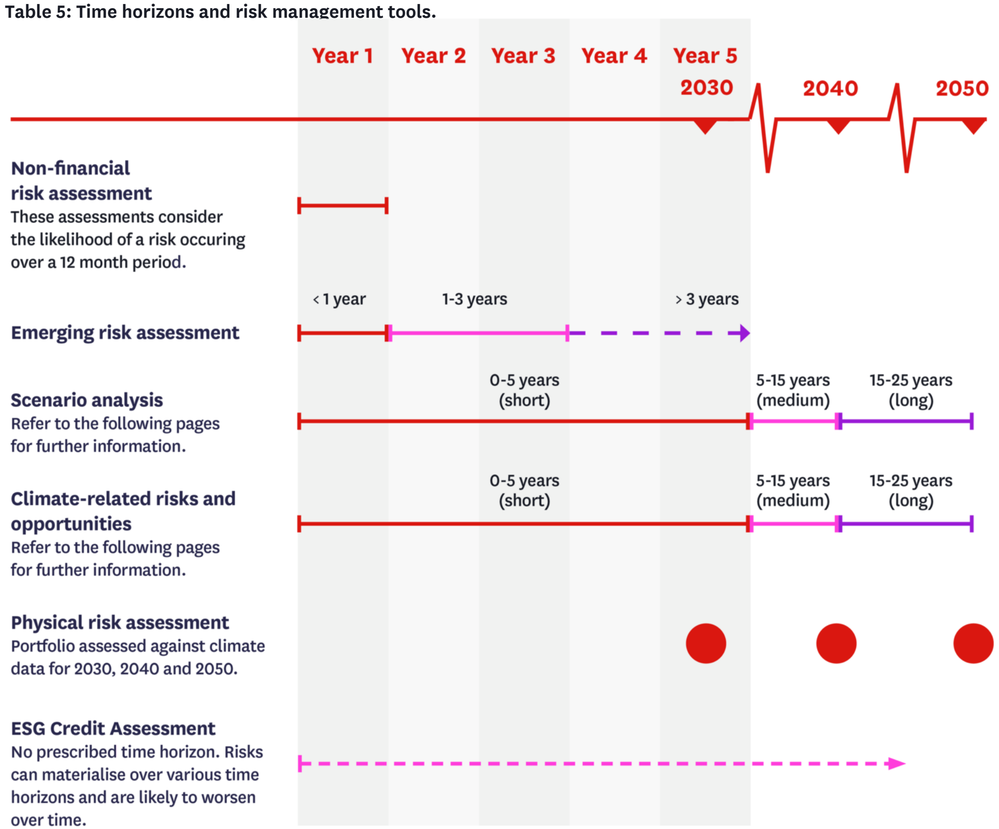
In FY25, a new physical risk assessment was introduced, as described in the Physical risk section below.

We are continuing to work through how the outcome of this physical risk assessment and the underlying data can be incorporated into our credit risk management processes. Once incorporated, we plan to review our physical risk assessments annually.

## Time horizons considered

Some types of risk management tools use different time horizons as shown in Table 5 below.

**Table 5: Time horizons and risk management tools.**




### Value chain exclusions.

Our Risk Management Framework is designed to identify, assess and manage climate-related risks across all parts of our value chain.

# Scenario analysis

Scenario analysis is one method used to explore possible climate-related risks and opportunities.The gravity of potential impacts of climate risks is becoming increasingly well-understood, but there remains significant uncertainty as to timing and how the impact will flow through to regions and areas of economic activity. The output of scenario analysis is qualitative, not quantitative, and incorporates some subjective judgements of stakeholders involved.

## Climate scenario narrative design.

In 2024, we refreshed scenario narratives based on the three scenarios outlined in Table 6, taking into account our business strategy and other key strategic documents, with the assistance of an external consultant "Informed.City". In previous years, external consultants provided support to determine which scenarios to use, in consultation with subject matter experts (SMEs) from across the business. The ESG Committee and MD PSM were informed through their governing roles. We continue to use the same underlying scenarios as those disclosed in our FY24 and FY23 Climate Reports. However, external consultants supported updating the scenario narratives to ensure that they were up-to-date, plausible and challenging in the FY25 environment. The scenarios used were:

- the Orderly Transition (1.5$^{O}$C) and Hot House World (>4$^{O}$C) scenarios developed by the New Zealand Banking Association in their Climate Scenario Narratives Report. These scenarios helped us to identify areas where we can improve our response to rapid transition or extreme physical risks. We consider these scenarios to be appropriate to us as they were specifically developed for the New Zealand banking sector
- the third scenario selected was based on the Too Little, Too Late (3.2$^{O}$C) scenario set by the Reserve Bank of New Zealand/Te Pūtea Matua (RBNZ) in its 2023 Climate Stress Test. We decided to use this scenario because it was designed to be useful for the New Zealand banking sector. We then translated this scenario to a narrative format so it could be used alongside the other two scenarios.

## Initial climate scenario analysis.

We undertook a scenario analysis exercise in December 2024, testing our business strategy and Sustainability Commitments against the Orderly Transition, Too Little, Too Late and the Hot House World scenarios. We undertook a primarily qualitative approach to scenario analysis, and did not undertake internal modelling for these scenarios. We undertook the RBNZ climate stress testing in 2023 and we have uplifted our physical risk analysis as described in the Physical risk section below. Given we had undertaken an analysis across all sectors in the previous year's exercise, this year we decided to dive deeper into our most material sectors of Agribusiness, Commercial Real Estate and Residential Property. We did also consider other stakeholders within Westpac NZ's value chain in relation to those business areas.

We used time horizons for scenario analysis of short term (0-5 years), medium-term (5-15 years) and long-term (15-25 years), as explained under Time horizons used for climate-related risks and opportunities below.

## Board and ET climate scenario analysis.

In early 2025, we held scenario analysis sessions with our ET and Board. These sessions were intended to capture insights on key climate-related risks and opportunities, which we considered could impact customers in our Agribusiness, Commercial Real Estate and Residential Property portfolios and our business (anticipated impacts) and to test how our current business strategy would perform. The ET and the Board considered the Too Little, Too Late, Hot House World and Orderly Transition scenarios.

The key risks and opportunities identified in the workshop were analysed against our business strategy and informed the update of our CTP. The workshops were conducted with SMEs, then ET and lastly the Board, and were all completed before the Board Strategy Review, which included consideration of Westpac NZ's climate-related risks and opportunities for FY26 and beyond.

**Table 6: Summary of scenarios.**

| | Orderly Transition | Too Little, Too Late | Hot House World |
|---|---|---|---|
| **Key assumption** | A future world where coordinated and collective action has been taken rapidly, requiring abrupt one-off adjustments to the changes required to transition to a low carbon future and achieve net-zero by 2050 | A future world where global action to reduce emissions was left too late and resulting efforts were insufficient to avert substantial climate change | A future world characterised by high levels of climate-related physical risk, as limited efforts were made to transition to a low carbon economy |
| **Temperature trajectory** | 1.5°C by 2100 | 2°C by 2050 on track for 3.2°C by 2100 | 2.5°C by 2050 and 4.4° by 2100 |
| **Policy response** | Immediate and consistent | Staggered during the 2030s | None |
| **Demand for technology change** | Immediate | Staggered during the 2030s | Slow, price driven |
| **Physical risk** | Moderate | High | Extreme |
| **Transition risk** | Moderate | High | Low |
| **Reference scenarios** | New Zealand Banking Association's Orderly scenario: Intergovernmental Panel on Climate Change (IPCC) SSP1-1.9 | Network for Greening the Financial System Delayed Transition for transition risk: IPCC SSP2-4.5<br>Network for Greening the Financial System Current Policies for physical risk: IPCC SSP2-4.5 | New Zealand Banking Association's Hothouse scenario: IPCC SSP5-8.5 |
| **Underlying sources of data/ scenario dimensions** | Network for Greening of Financial System Net Zero 2050; International Energy Association Net Zero Emissions by 2050; NIWA RCP2.6; Climate Change Commission 'Tailwinds' | To augment the scenarios above, RBNZ specified adjustments to these scenarios and also added some drivers including NZ GDP growth, unemployment rates and also annual house price growth | Network for Greening of the Financial System Current Policies; International Energy Association Stated Policies; NIWA RCP8.5; Climate Change Commission 'Current Policy Reference' |

Note that the scenario narratives we have developed and used in our workshops describe plausible future pathways from 2025 to 2050, rather than to the 2100 temperature point. Scenario narratives used are summarised in Appendix 2: Scenario analysis narratives.

## Climate-related risks and opportunities

We have identified climate-related risks and opportunities shown in Tables 7 and 8 through our risk management and scenario analysis processes described above, together with further refinement from subject matter experts and senior stakeholders. This is a developing area and we expect that we will adjust our processes as best practices evolve, including as our approach to materiality in this area matures.

### Time horizons used for climate-related risks and opportunities.

We define short, medium and long-term time periods in relation to our climate-related risks and opportunities, aligning with the time horizons that we used in our scenario analysis process. The short term (0-5 years) time horizon aligns with climate-related risks and opportunities serving as inputs to our capital deployment and funding decision-making processes via our annual business forecast processes (1 year), Board Strategy Review process (1-5 years) and Internal Capital Adequacy Assessment Process (5 years). The medium-term (5-15 years) and long-term (15-25 years) time horizons reflect the longer-term nature of our mortgage and other lending activities, recognising that our risks and opportunities extend beyond the tenor of current products.

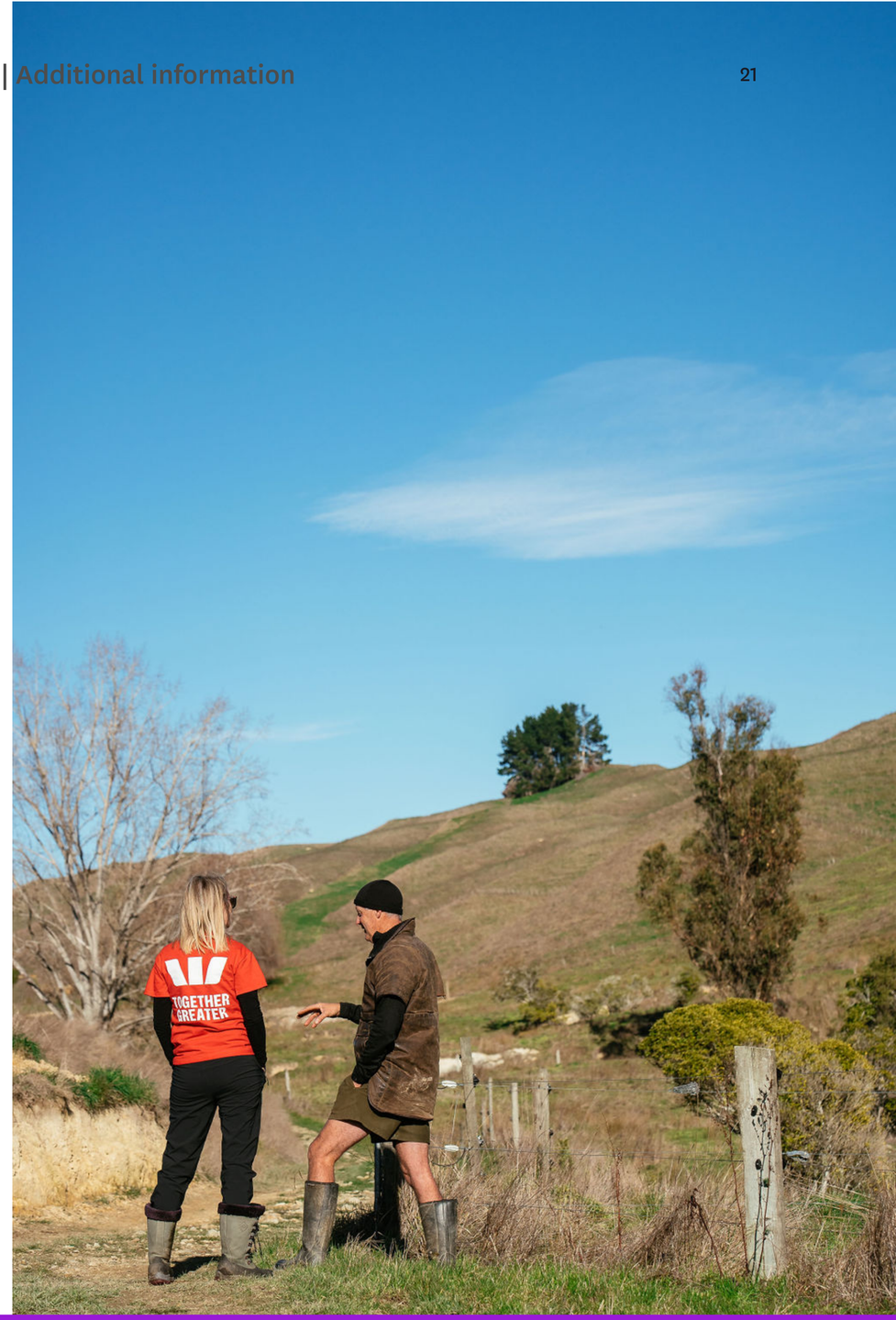
### Capital deployment and funding decision-making processes.

Climate-related risks and opportunities are considered in relation to how we deploy capital and fund initiatives to support our business strategy through the Board Strategy Review and business forecast processes. The annual Board Strategy Review process serves as an opportunity to review and adapt our strategy in response to changes in the external environment. The annual business forecast processes further refine and prioritise the capital deployment across identified initiatives.

The climate scenario analysis workshops and sessions are timed prior to Board Strategy Review and business forecast processes to facilitate consideration of climate-related priorities and requirements for future funding across our portfolio. The Board Strategy Review process includes decisions on the funding of programmes as a portfolio, rather than separately. Significant investments to address climate-related risks and opportunities go through these internal processes. An example of this in recent years has been funding for initiatives under the ESG programme, which has a significant climate-related focus.

In addition to the Board Strategy Review process, capital deployment and funding in relation to climate-related risks and opportunities are considered in our day-to-day operations, including:

- in lending to Transaction Managed customers through the use of customer-level ESG credit assessments (See Our ESG Credit assessments above)
- as part of our ongoing funding of parts of the business that deliver climate-related outcomes, for example acquisition of geo-spatial data
- in resourcing decisions including:
    - our capital expenditure on business operations which improve our operational emissions profile (see 'CTP Focus area 1: Net zero emissions' and 'CTP focus area 8: Data and systems' below)
    - our capital deployment to key sustainable finance initiatives (see 'CTP focus area 9: Sustainable finance products and services' below).



## Climate-related risks.

The tables below describe the material climate-related risks identified across Westpac NZ and their reasonably anticipated impacts to Westpac NZ across short term (0-5 years), medium term (5-15 years) and long term (15-25 years) time horizons. Our identified risks, as described on the previous page, were considered by subject matter experts and senior stakeholders with the context of an existing qualitative risk impact matrix and heatmap to guide the assessments of risk described in the key and shown in Tables 7 and 8 below. This process was conducted in stages throughout FY25. For the purposes of this disclosure, Tables 7 and 8 only include risks where there is at least one significant impact and/or high likelihood rating.

The most significant risk class that could be impacted by climate for Westpac NZ as a financial institution is credit risk, which is presented first in Table 7, with other risk classes presented below in Table 8.

| Key | |
|---|---|
| 🔴 | These risks present significant impacts and/or have a high likelihood of occurring under a given scenario |
| 🟠 | These risks present moderate impacts and/or have a moderate likelihood of occurring under a given scenario |
| 🟢 | These risks present limited or no impacts and/or have a low likelihood of occurring under a given scenario |

These assessments are subjective, are based on different scenarios presented and do not apply defined quantitative thresholds. In particular, the physical risk assessment in this table is qualitative and broad. We report on assessments against two types of flood risk in the Physical risk section below and on sector-specific impacts in the Assessing our lending exposure to key industries section below .

**Table 7: Credit-related climate risks and their reasonably anticipated impacts for Westpac NZ.**

| Type | Risk class | Climate-related risk | Scenario | Time horizon of risk | | | Reasonably anticipated impacts to Westpac NZ |
|---|---|---|---|---|---|---|---|
| | | | | Short 2025-2030 | Medium 2030-2040 | Long 2040-2050 | |
| Physical | Credit risk | Severe weather events (such as floods, landslips, or droughts) damage customer property and/or disrupt their businesses or supply chains, causing additional costs and/or lost income. Damage to assets or the increasing risk of damage from future events may decrease the value of customers' assets. Longer term changes to weather patterns may reduce the viability of some land uses, particularly in the agriculture sector. | Orderly | 🟠 | 🟠 | 🟠 | Credit risks may result in:<br>• Financial loss to Westpac NZ if increased provisioning required for potential credit losses as a result of customer failures to meet payment obligations<br>• Westpac NZ revenue could reduce if existing and/or potential customer base experience higher costs, reduced revenue and/or reduced asset values that impact their households and businesses, reducing demand for Westpac NZ products and services<br>• Asset / security values for secured properties could be lower than originally assessed when lending approved by Westpac NZ if asset/security affected by climate risk. |
| | | | Too Little, Too Late | 🟠 | 🔴 | 🔴 | |
| | | | Hothouse World | 🟠 | 🔴 | 🔴 | |
| | | Long-term changes to the climate, such as sea level rise, rising average temperatures or changes to weather patterns, impact the viability of customers' businesses or particular land uses or result in damage to customers' property. | Orderly | 🟢 | 🟢 | 🟢 | |
| | | | Too Little, Too Late | 🟢 | 🟠 | 🔴 | |
| | | | Hothouse World | 🟢 | 🟠 | 🔴 | |
| | | Insurers reduce or withdraw insurance cover or significantly increase premiums, contributing to a decrease in the value of affected assets, increase in insurance costs for customers, and risk of uninsured losses. Lack of insurance cover reduces access to new finance. | Orderly | 🟢 | 🟢 | 🟢 | |
| | | | Too Little, Too Late | 🟢 | 🟠 | 🟠 | |
| | | | Hothouse World | 🟢 | 🟠 | 🔴 | |

| Type | Risk class | Climate-related risk | Scenario | Time horizon of risk | | | Reasonably anticipated impacts to Westpac NZ |
|---|---|---|---|---|---|---|---|
| | | | | Short 2025-2030 | Medium 2030-2040 | Long 2040-2050 | |
| Transition | Credit risk | Changes in consumer preferences and/or processor / manufacturer requirements away from GHG emissions-intensive products or inputs adversely affect customers' business. | Orderly | 🔴 | 🟢 | 🟢 | Credit risk impacts continued. See above. |
| | | | Too Little, Too Late | 🟢 | 🔴 | 🟡 | |
| | | | Hothouse World | 🟢 | 🟡 | 🟡 | |
| | | Rise in global protectionism reduces international collaboration on climate initiatives and trade and focuses on protection of domestic interests. This increases uncertainty and adversely affects the economy by negatively impacting exports and potentially reducing availability of imports necessary for climate adaptation, such as building materials for infrastructure, increasing customers' costs, and causing disruption to commercial customers' supply chains and services. | Orderly | 🟡 | 🟢 | 🟢 | |
| | | | Too Little, Too Late | 🟡 | 🔴 | 🟡 | |
| | | | Hothouse World | 🟢 | 🟡 | 🔴 | |
| | | Inequitable transition arises as the supply of resilient property with adequate infrastructure reduces. Disparity emerges between communities with and without full-service infrastructure and/or customers and communities that are unable to invest in resiliency measures. Inequities widen and increasing numbers of customers experience financial distress due to rent increases, volatile property values and limited access to work. | Orderly | 🟡 | 🟢 | 🟢 | |
| | | | Too Little, Too Late | 🟡 | 🟡 | 🔴 | |
| | | | Hothouse World | 🟡 | 🟡 | 🔴 | |
| | | Customer investment in technology and/or infrastructure to mitigate climate impacts that does not deliver the intended results. | Orderly | 🟢 | 🟢 | 🟢 | |
| | | | Too Little, Too Late | 🟢 | 🟡 | 🟡 | |
| | | | Hothouse World | 🟢 | 🟡 | 🔴 | |

**Table 8: Non-credit risk categories of climate-related risks and their reasonably anticipated impacts for Westpac NZ.**

| Type | Risk class | Climate-related risk | Scenario | Time horizon of risk | | | Reasonably anticipated impacts to Westpac NZ |
|---|---|---|---|---|---|---|---|
| | | | | Short 2025-2030 | Medium 2030-2040 | Long 2040-2050 | |
| Transition | Strategic risk | Westpac NZ lags competitors or customer expectations to effectively implement appropriate climate adaptation and/or mitigation activity. | Orderly | 🟢 | 🟢 | 🟢 | Strategic risks may result in:<br>• Reduced revenue<br>• Loss of market share, reputation and strategic positioning<br>• Difficulty attracting and retaining staff. |
| | | | Too Little, Too Late | 🟠 | 🟠 | 🟠 | |
| | | | Hothouse World | 🟠 | 🟠 | 🔴 | |
| | Reputational risk / Litigation risk | Litigation due to lending against property in areas of climate risk and/or property that is unsuitable for type of land use. | Orderly | 🟠 | 🟢 | 🟢 | Reputational risk / Litigation risk may result in:<br>• Cost of litigation proceedings<br>• Loss of market share, reputation and strategic positioning<br>• Decreased revenue due to declining demand for Westpac NZ products and services<br>• Damage to regulator relationship possibly leading to further regulation and/or cost<br>• Difficulty attracting and retaining staff. |
| | | | Too Little, Too Late | 🟠 | 🟠 | 🟠 | |
| | | | Hothouse World | 🟠 | 🔴 | 🔴 | |
| | | Damage to perception of Westpac NZ due to accusations of changing lending terms or being seen as withdrawing services from customers on climate-related grounds . | Orderly | 🟠 | 🟢 | 🟢 | |
| | | | Too Little, Too Late | 🟠 | 🟠 | 🟠 | |
| | | | Hothouse World | 🟠 | 🟠 | 🔴 | |
| | Funding / Liquidity risk | Investor and depositor expectations for speed and effectiveness in addressing climate change risk from New Zealand and/or Westpac NZ are not met. | Orderly | 🟢 | 🟢 | 🟢 | Funding / Liquidity risk may result in:<br>• Higher cost to fund the bank<br>• Inability to source adequate funding due to reduced appetite for Westpac NZ regulatory capital debt securities or retail deposits.<br>• Increased risk of becoming non-compliant with regulatory requirements. |
| | | | Too Little, Too Late | 🟠 | 🟠 | 🟢 | |
| | | | Hothouse World | 🟢 | 🟠 | 🔴 | |
| Transition | Operational risk | Threats and/or disruptions at Westpac NZ sites from disgruntled customers, members of the community or activists due to Westpac NZ choices/actions in relation to climate-related risks or weather events. The ability of affected areas of Westpac NZ to operate is adversely affected on a temporary or ongoing basis and public perception of Westpac is damaged. | Orderly | 🟢 | 🟢 | 🟢 | Operational risks may result in:<br>• increase in operating expenses<br>• increase in cost to repairing or replacing damaged assets or infrastructure<br>• reduction in revenue due to inability to provide services to customers during period of disruption<br>• reduction in staff wellbeing and productivity<br>• difficulty attracting and retaining staff and increased regulator scrutiny. |
| | | | Too Little, Too Late | 🟠 | 🟠 | 🟢 | |
| | | | Hothouse World | 🟠 | 🟠 | 🔴 | |
| Physical | | Severe weather events damage Westpac NZ's property or premises, adversely impact its employees, or disrupt its ability to operate and provide services to customers. | Orderly | 🟠 | 🟢 | 🟢 | |
| | | | Too Little, Too Late | 🟠 | 🟠 | 🟠 | |
| | | | Hothouse World | 🟠 | 🔴 | 🔴 | |

## Climate-related opportunities.

The table below describes the material climate-related opportunities identified across Westpac NZ and their reasonably anticipated impacts to Westpac NZ across short term (0-5 years), medium term (5-15 years) and long term (15-25 years) time horizons (S,M,L). The table below includes material opportunities identified in the three scenarios considered in our FY25 scenario analysis workshops. Note we have interpreted "transition" opportunities as those arising from adaptation, mitigation or resilience activity.

All opportunities were assessed to be relevant to some degree across all timeframes and scenarios, except as noted specifically below. The significance of the opportunities was discussed on a qualitative basis with internal subject matter experts and senior stakeholders but was viewed as highly uncertain, leading to a decision not to include specific significance ratings across the three different scenarios and time horizons in the table below.

**Table 9: Climate-related opportunities and their reasonably anticipated impacts for Westpac NZ.**

| Type | Opportunity category | Climate-related opportunity | Reasonably anticipated impacts to Westpac NZ | Time horizon of opportunity |
|---|---|---|---|---|
| Transition | Empower customers with products and services | Fund new climate-related technologies, public and large-scale private infrastructure, and industries critical to delivering the transition to a low emissions and climate-resilient economy. | • Generate revenue through additional funding provided to new and existing customers.<br>• Improve community and economic resilience through new technology and infrastructure, including benefits to Westpac NZ customers, reducing risk of default. | S, M, L |
| | | Develop and promote sustainable finance products to support mitigation, adaptation and resilience. | • Generate revenue through additional funding provided to new and existing customers.<br>• Support and incentivise customers to improve understanding and management of climate-related risk, driving retention of customers and reducing risk of default. | S, M, L<br><br>Hothouse world scenario may give rise to higher demand for financing for resilience and adaptation. |
| | Champion change to support customers and the community | Explore partnerships to improve customer propositions such as through enhancing broader understanding of climate risks and supporting customers to improve their resiliency. | • Enhance reputation as a leader in climate and sustainability, driving acquisition and retention of customers and staff, which brings potential revenue and cost benefits.<br>• Improve customer and market resilience, reducing risk of default. | S, M, L<br><br>Opportunities for partnerships with some parties are likely to be less feasible in the Hothouse world scenario, where climate policy is delayed, while partnerships are more likely under the Orderly scenario where collective, co-ordinated action is required. |
| | | Advocate for a collective response from the public and private sectors by promoting the benefits of a cohesive reaction to climate change and encouraging investment in resilience / adaptation activity. | • Operate in a clear market and regulatory environment, improving market stability.<br>• Enhance reputation as leader in climate and sustainability space driving acquisition and retention of customers and staff, which brings potential revenue and cost benefits. | S, M, L<br><br>Engagement in advocacy is likely to be lower in an Orderly scenario and higher in a Hothouse world scenario. |
| | | Provide advice and guidance to support customers and the community to understand climate risk and risk mitigation options. | • Improve customer and market resilience, reducing risk of default.<br>• Enhance reputation as a leader in climate and sustainability, driving acquisition and retention of customers and staff, which brings potential revenue and cost benefits. | S, M, L |
| | Strengthen our business operations | Leverage climate-related data to improve our understanding of climate-related risks and embed climate considerations into our risk management processes. | • Improve ability to support customers and manage climate-related risk, driving retention of customers and reducing risk of default.<br>• Enhance reputation as a leader in sustainability, driving acquisition and retention of customers and staff, which brings potential revenue and cost benefits. | S, M, L |

## Assessing our lending exposures in key industries

In 2018, we commissioned our Climate Change Impact Report that assessed the impact of climate change on Aotearoa's economy through to 2050 and identified key commercial sectors exposed to transition and physical risks. Table 10 reflects our current view of the climate-related risks and potential impacts in key industries, based on our Climate Change Impact Report. We continue to track the sectors with significant exposure to transition and physical risk and update potential impacts.

**Table 10: Climate-related risks and reasonably anticipated impacts to key sectors.**

| Industry sector (based on ANZSIC code) | Climate-related risks | Reasonably anticipated impacts to sectors |
|---|---|---|
| **Agriculture and forestry**<br>· Dairy<br>· Forestry<br>· Sheep and beef farming<br>· Horticulture<br>· Arable land | Mix of physical risks, (e.g. drought, fire, flooding, erosion, storms) and transition risks, (e.g. changing consumer preferences, regulation). | Adverse weather, including droughts and storms, could impact farm productivity and lead to increased costs, which can lower business profitability. Adoption of better farm management practices could lower emissions of methane, nitrous oxide and, to a lesser degree, carbon dioxide. For some farms, farm management system changes may mean lower livestock numbers, or a different mix of livestock types. Expansion of both exotic and native forests is likely to be required to meet Aotearoa's emission budgets which could adversely impact the amount of land available for farming. Many export markets, particularly for dairy products, are likely to increasingly demand low emissions products, noting that horticulture and arable land face significantly less transition risk compared to the other agriculture sectors. This means the farming / growing sector will need to continue emissions reduction efforts to maintain sustainable access to these markets. |
| **Oil and gas**<br>Includes mining and production, supply and retail | Primarily transition risk as demand for fossil fuels (oil, gas, coal) declines over the long-term and is replaced by renewable/ low-emissions alternatives. | While gas has played a role in replacing coal, as an input in industrial processes and for back-up power generation, decreasing reserves have resulted in supply shortages. Demand for gas will continue to reduce due to high cost and uncertainty of supply, accelerating transition to alternative energy sources where available. |
| **Power generation**<br>Includes generation, transmission and distribution | Mix of physical risks, (e.g. dry years, disruption from extreme events) and transition risks, (e.g. phasing out / declining supply of non-renewable energy sources, in particular natural gas). Energy security risks exist due to intermittent nature of renewable electricity generation and resulting need for sufficient firming generation and energy storage. | New base-load generation capacity is expected to be renewable. Low hydrolake levels in recent years, in conjunction with constrained gas supplies, have amplified the need for reliable back-up generation and led to an increase in thermal generation from coal. This has highlighted the need to accelerate the development of renewables, while ensuring back-up generation for peak demand and dry winters are available. Despite some barriers, investment in new renewable generation is likely to continue accelerating. |
| **Transport**<br>Includes air, rail, road freight and port operations | Mix of physical risks, (e.g. exposed infrastructure, disruption from extreme events) and transition risks, (e.g. transition to electric vehicles, hydrogen etc). | Low-emissions assets generally have higher upfront cost but lower running costs making the transition a finance challenge. While low-emissions technology is advancing rapidly in terms of cost and efficiency, some barriers still need to be resolved to accelerate wider uptake. Barriers including finance and access to charging infrastructure may impede transition to lower running cost and emissions assets. |

We acknowledge that the sectors identified in the table above as exposed to heightened physical and/or transition risks do not take into account the circumstances of individual entities, and that there will be considerable variation within these sectors. We also acknowledge that customers outside of these sectors can be exposed to heightened transition and/or physical risks.

## Transition risks

### Assets vulnerable to transition risks.

One measure available to identify Westpac NZ's potential vulnerability to transition risk is our exposure to sectors that are generally considered subject to heightened transition risk. We continue to utilise the sectors identified in the Climate Change Impact Report that we commissioned in 2018 for this purpose.

We note that this metric does not take into account the significant variation in the nature and extent that customers are exposed to transition risk within these sectors, nor the type of transition risk which affects them, which is dependent on individual circumstances. Equally, we acknowledge that this is only one measure of potential transition risk and does not capture transition-risk exposed customers outside these sectors. We include the Power generation sector, which is dominated by renewable generation in Aotearoa. The nature of the challenges faced by this sector include building capacity for future demand, ensuring ongoing security of supply, alongside the technical, regulatory and financial matters that accompany the transition of Aotearoa's energy system.

Although we monitor our total exposure to these sectors, our primary focus is on engagement with customers on their transition plans, not necessarily pursuing a reduction in our lending.

For the purposes of this transition risk metric, we have applied the IPCC definition of vulnerability which relates to the propensity or predisposition to be adversely affected. This metric is presented on a portfolio basis and does not take into account individual customers' sensitivity or susceptibility to harm, or capacity to cope and adapt.

**Table 11: TCE Vulnerable to transition risks across key sectors.**

| Industry sector (based on ANZSIC code) | TCE | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| **Agriculture and forestry** | **$8,058m** | **$8,218m** | **$8,543m** |
| · Dairy | **$5,930m** | $6,086m | $6,263m |
| · Forestry | **$178m** | $184m | $278m |
| · Sheep and beef farming | **$1,950m** | $1,948m | $2,002m |
| **Oil and gas**<br>Includes mining and production, supply and retail | **$192m** | $253m | $316m |
| **Power generation**<br>Includes generation, transmission and distribution | **$2,787m** | $2,420m | $2,468m |
| **Transport**<br>Includes air, rail, road freight and port operations | **$1,128m** | $1,011m | $1,434m |
| **Total** | **$12,165m** | **$11,902m** | **$12,761m** |

In 2024 the calculation of TCE vulnerable to transition risk was updated to exclude horticulture, given its lower emissions profile and exposure to transition risk compared with other agriculture sectors. The historical figures have been restated to maintain comparability. Note, we ceased new lending to the coal mining sector in 2019, with residual remediation bonds of TCE $0.1m remaining.

# Physical risks

## Assessment of physical risks.

Physical climate-related risks can be event-driven (acute) such as extreme weather events (e.g. cyclones, droughts, floods and fires). They can also relate to longer-term (chronic) shifts in precipitation and temperature and increased variability in weather patterns or other long-term changes, such as sea level rise.

In FY25 we acquired detailed climate-related data from Aotearoa-based climate scientists, giving our risk managers access to a range of tools and datasets that enable us to quantitatively estimate vulnerability to certain material physical hazards associated with climate.

Using the new climate data, we have been able to undertake new rainfall flooding analysis and also add a new coastal inundation metric, replacing both the rainfall flooding and the sea level rise metric used last year. Details of our new approach to rainfall flooding and coastal inundation risk across our lending portfolio are reported below.

### Our approach to physical vulnerability.

Our vulnerability analysis for climate-related physical risk focuses on direct exposure to two key physical hazards - rainfall flooding and coastal inundation - in significant subsets of our existing lending portfolio secured against property. Property is defined to include land (for example farmed land) or land and buildings (for example a house on a section) identified by a unique identifier (such as certificate of title), which can be matched to our climate data. The portfolios and segments analysed include Residential mortgages, Agricultural Business and Commercial Real Estate lending. See section Percentage of lending portfolios assessed below for the boundaries of our analysis.

The physical risk metrics we have adopted are:

- a percentage of TCE estimated as vulnerable to potential future climate hazards (see Approach to assessment of Vulnerable section below)
- based on our lending portfolio as at 30 September 2025
- outputs of an analytical data driven process that matches property over which we have security to exposure to these physical hazards at a location over certain time frames in the future
- based on three SSP-based scenarios – SSP 1-2.6, SSP2.4-5 and SSP 5-8.5 – all at the 50th percentile (best estimate). An overview of the climate scenarios used is provided in Appendix 3
- based on a 1 in 100 Annual Exceedance Probability (AEP)
- based on new climate data sourced from ClimSystems Ltd.

The physical risk metrics are not forecasts or projections of a likely outcome or expected losses to Westpac NZ. A measurement of TCE as vulnerable to severe flood risk (our highest internal risk classification) does not:

- constitute an indicator of credit loss because it does not consider relevant factors such as insurance payouts or other sources of finance that would affect a customer's ability to meet their obligations to Westpac NZ
- consider potential indirect impacts to our customers, their properties, an affected region or macro-economic effects that climate-related impacts may bring
- consider any mitigation actions in place that may reduce the impact or likelihood of impact arising from an event.

We recognise that Westpac NZ is exposed to physical climate-related risks more broadly, both directly and indirectly through our customers and other business activities that are not secured against property. These risks are outside the scope of these metrics. In addition, we do not currently match unsecured TCE to a physical location and therefore exclude this TCE from our analysis.

### Percentage of lending portfolios assessed.

We match secured TCE with the location of properties where it is possible to do so accurately and reliably. Where we cannot match secured TCE with the location of properties, we cannot match the TCE to climate data indicating potential future climate hazards. One example of this unmatched secured TCE is where institutional banking customers have borrowed against alternative (non-property) types of security. This approach may change as we learn more about the climate data and how best to allocate physical risk to customers' total TCE.

Table 12 presents the percentage of TCE for each of the lending portfolios considered matched to secured properties and included in this analysis. Table 15 presents the percentage of Total TCE assessed as Vulnerable to severe rainfall flooding and costal inundation, which also includes unmatched secured TCE.

**Table 12: Percentage of lending portfolio assessed for vulnerability to physical hazards.**

| Portfolio | Percentage of lending portfolio assessed (% TCE) |
|---|---|
| Residential Mortgages | 97.9 |
| Agricultural Business | 90.8 |
| Commercial Real Estate | 72.6 |

### Approach to assessment of Vulnerable.

Westpac NZ has developed damage profiles for each hazard based on data, research and judgement. A damage profile is a classification tool, based on likely severity of the hazard damage to a property. This supports assessment of the levels of risk for properties, including the classification of a property as Vulnerable.

Each hazard has its own damage profile and as such, we define the level of risk differently per hazard based on factors including depth and title area impacted. The damage profile can differ for different property types. This aligns with leading methodologies in natural hazard risk assessment. See further explanation of the methodology in Table 13 in respect of rainfall flooding, and Table 14 in respect of coastal inundation.

### Limitations of our assessment.

The methodology used to generate the metrics is subject to significant limitations including, but not limited to:

- The metrics generated are reliant upon the climate scenarios, a range of climate forecasting models, complex earth system models such as vertical land movement as well as sophisticated flood modelling that itself integrates modelled precipitation, digital elevation models, and ground infiltration formulae, and also uses surface characteristics. This is then simulated in a 1% AEP storm pattern in which rainfall depths for various durations are nested within a 24-hour storm.
- The disparate nature of each of these models and parameters means that the climate data for each scenario represents one possible outcome, which is representative of that climate scenario and model parameters. Future weather events are likely to differ to those modelled either because real world events differ from assumptions used in the models or due to natural variation in the nature and severity of weather events.
- Different organisations use varying assumptions, parameters, data sources and analytical tools and methods to assess climate hazards. Our findings are therefore not directly comparable to those produced by local or central government and peer banks.
- Individual attributes of properties, and any existing or potential damage mitigation or adaptation measures at property or regional level, are not currently considered.
- Our assessment is conducted on a portfolio-basis, on the portion of a lending portfolio that we are able to match with climate data, as described above. We do not conduct site-level reviews of properties. Examples of site-level factors that may impact the level of damage from a flood include: the location of assets on properties, the age and material of the buildings, the topography of a site, soil type on farms, the current state and use of the land by the farmer/owner, and mitigating factors such as stop banks, drainage systems or sea walls.
- The degree of flood damage is also influenced by the length of time the area remains flooded. The data on this is limited and was not included in our assessment.
- The potential impact of multiple hazards or weather events occurring simultaneously or within a short time period at a single location has not been included and the impact of multiple hazards is an area of ongoing research.
- See Appendix 3 for further details of these limitations.

## Assessment of rainfall flooding hazard.

**Table 13: Assessment of lending portfolio vulnerability to rainfall flooding.**

| Criteria | Description | |
|---|---|---|
| Rainfall flooding hazard | Floods are the most frequent and economically damaging natural hazard in Aotearoa. With over a hundred cities and towns located on flood plains, Aotearoa has a long history of living with floods. Rainfall-derived flooding includes:<br>• surface, pluvial flooding caused by rainfall overwhelming the capacity of the ground or drainage systems to drain water and<br>• river, fluvial flooding where water overflows banks of waterways. | |
| Scope of analysis | This rainfall flooding assessment was conducted using TCE as at 30 September 2025 for each of the following three lending types: Residential Mortgages, Agricultural business and Commercial Real Estate lending. Rainfall flooding affects Agricultural properties used for livestock and Agricultural properties used for crops differently. Similarly, rainfall flooding affects non-industrial commercial properties (e.g. office buildings or retail premises) differently to industrial property. The sub-segments of these Agricultural and Commercial Real Estate lending portfolios were considered separately, as described below. | |
| Change from last year | We have carried out our FY25 analysis using new modelled rainfall flooding data sourced from our climate data partners. The metrics presented below are not comparable to those presented in prior years because:<br>• In 2024 we used a different definition of 'high risk' to rainfall flooding that was based on a mean flood depth of 50cm and a modelled flood area of the property greater than 95%. We took this approach in the FY24 climate disclosures to be consistent with the 2023 RBNZ Climate Stress Test; and we had not yet determined an approach to assessing if a property would be Vulnerable to flood risk<br>• We have extended reporting to Commercial Real Estate and Agricultural lending, whereas last year only Residential Mortgages were reported.<br>Given the metrics we are presenting are not comparable to previous disclosures, we consider them to be new metrics and have not included the previously disclosed metrics as comparatives. We are not able to match historic security data to current climate and location data with sufficient completeness to produce comparative metrics based on our FY23 and FY24 lending. | |
| Approach to determination of vulnerability to rainfall flooding for Residential Mortgage lending | We assess a residential property's vulnerability to rainfall flooding based on:<br>• the potential depth of water that may inundate a property and the velocity of the modelled flood, and<br>• the percentage of the title area that may be covered in the modelled flood.<br>The combination of flood depth and velocity recognises that a fast moving but relatively shallow flood can be as damaging as a deep flood - over a certain depth or velocity of flood, there is limited likelihood of recovery during the flood and thus damage will likely ensue. The assessment of damage resulting from depth and velocity identify risk in different flood conditions and provide a helpful reference point for estimating the vulnerability of properties. | |
| | Definition of Vulnerable to severe rainfall flooding: Residential property | We define a residential property as 'Vulnerable' to severe rainfall flooding if it is at risk of modelled flooding that:<br>• affects a significant area of the property (equal to 30% or more); and at a depth of more than 1.555m or the flood water is predicted to move at significant velocity such that the resulting flow speed is unsafe for people and vehicles and is sufficient to cause structural damage or,<br>• affects a major area of the property title (more than 60%); and at a depth of 1.0m or more or the flood water is predicted to move at a flow speed that poses a significant hazard to people. |

| Criteria | Description | |
|---|---|---|
| Approach to determination of vulnerability to rainfall flooding for Agricultural lending | We assess an agricultural property's vulnerability to rainfall flooding based on: the potential depth of the flood on the farm the percentage of the farm area that may be flooded, and the current type of farming (cropped or livestock). We assume a shallower flood will damage crops before it damages livestock farming. Note, while we use a different definition of Vulnerable depending on whether the agricultural property is used for livestock or cropped land, for the purposes of the metric in Table 15 below, we present a % Vulnerable across Agricultural lending as a whole. | |
| | Definition of Vulnerable to severe rainfall flooding: Agricultural property (cropped land) | We define an agricultural property which is currently used for cropped land as 'Vulnerable' to severe rainfall flooding if it is at risk of modelled flooding that:<br>• affects a moderate area of the farm (more than 25%) at a depth of more than 1.5m or,<br>• affects a significant area of the farm (50% or more) at a depth of 1.0m or more.<br>For these purposes cropped land includes horticulture, arable land and pip-fruit and grape growing properties. |
| | Definition of Vulnerable to severe rainfall flooding: Agricultural property (livestock) | We define an agricultural property which is currently used for livestock as 'Vulnerable' to severe rainfall flooding if it is at risk of modelled flooding that affects a significant area of the farm (50% or more) at a depth of more than 1.5m. |
| Approach to determination of vulnerability to rainfall flooding for Commercial Real Estate lending | We assess a commercial real estate property's vulnerability to rainfall flooding based on:<br>• the potential depth of the flood on the property<br>• the percentage of the site area that may be flooded, and<br>• the type of commercial real estate (non-industrial commercial property or industrial property). Industrial and warehouse buildings typically have higher wall heights and steel portal frames, which is the primary driver for the different approaches.<br><br>Note, while we use a different definition of Vulnerable depending on whether the commercial property is used for non-industrial commercial property or industrial property, for the purposes of the metric in Table 15 below, we present a % Vulnerable to severe rainfall flooding across Commercial Real Estate lending as a whole. | |
| | Definition of Vulnerable to severe rainfall flooding: Commercial Real Estate (non- industrial commercial property) | We define a non-industrial commercial property as 'Vulnerable' to severe rainfall flooding if it is at risk of modelled flooding that:<br>• affects a significant area of the property title (equal to 30% or more) at a depth of more than 1.55m or,<br>• affects a major area of the property title (more than 60%) at a depth of 1.0m or more. |
| | Definition of Vulnerable to severe rainfall flooding: Commercial Real Estate (industrial and warehouse property) | We define an industrial property as 'Vulnerable' to severe rainfall flooding if it is at risk of modelled flooding that:<br>• affects a significant area of the property title (equal to 30% or more) at a depth of more than 2.0m or,<br>• affects a major area of the property title (more than 60%) at a depth of more than 1.55m. |

## Assessment of coastal inundation hazard.

**Table 14: Assessment of lending portfolio vulnerability to coastal inundation.**

| Criteria | Description |
|---|---|
| Coastal inundation hazard | Coastal inundation refers to the flooding of normally dry, low-lying coastal areas due to extreme sea levels and storm surges. Rising sea levels are a major contributor, but other factors like storm surges, high tides, and waves can also cause inundation, especially in low-lying areas where rivers meet the sea. |
| Scope of analysis | This coastal inundation risk assessment was conducted using TCE as at 30 September 2025 for each of the following three lending types: Residential Mortgages, Agricultural business and Commercial Real Estate lending. |
| Change from last year | This year we have used new coastal inundation data to carry out a new assessment analysing the vulnerability of our lending portfolio to coastal inundation. This new data replaces data sourced from NIWA in 2019, which was used from 2020 to 2024 to identify the approximate proportion of our lending portfolio secured by properties exposed to heightened risks (defined as AEP) of 10% or more, as well as general exposure to coastal erosion under NIWA's Coastal Sensitivity Index) from sea-level rise under a 4ºC warming scenario.<br>The new coastal inundation metric replaces the previously reported sea level rise metric with a completely new coastal inundation metric that incorporates vertical land movement and storm surges, is based on a 1% AEP and is available for a range of scenarios, each at the 50th percentile (SSP1-2.6, 2-4.5 and 5-8.5). The comparative age of the two datasets and the meaningful differences in basis of preparation result in no historic comparison being possible. |
| Approach to determination vulnerability to coastal inundation for all lending types | We assess a property's vulnerability to coastal inundation based on:<br>• the potential depth of water that may inundate a property, noting that sensitivity to salinity means that shallower water can cause more damage than fresh water, and<br>• the area of the property that may be covered.<br><br>The assessment of vulnerability to coastal inundation differs from the rainfall flooding hazard discussed in this report. The key distinction lies in the long-lasting nature of sea level rise and the scale and persistence of its impacts. Unlike rainfall-driven flooding, once sea levels rise, they are unlikely to recede - barring events such as tectonic movements - making the damage from future storm surges enduring and difficult to reverse. If the risk of coastal inundation is underestimated, the consequences will be severe with lasting social, cultural and economic effects. If the risk is overestimated for a specific timeframe, using relative sea-level rise projections based on higher emission scenarios for example, this will be temporary (decade to multi-decadal timescales). In practice, these factors have meant that risk management staff have judged shallower floods caused by coastal inundation as more impactful than similar depth floods caused by rainfall flooding. This approach may change as we learn more about the climate data and the impact of climate hazards at a location. |

| Criteria | Description | |
|---|---|---|
| Approach to determination vulnerability to coastal inundation for all lending types (continued) | Definition of Vulnerable to severe coastal inundation: Residential properties | We define a Residential property as 'Vulnerable' to severe coastal inundation if it is at risk of modelled inundation with a predicted depth of 10cm or more that covers more than 10% of the property title. |
| | Definition of Vulnerable to severe coastal inundation: Agricultural properties | We define an Agricultural property as 'Vulnerable' to severe coastal inundation if it is at risk of modelled inundation with a predicted depth of 10cm or more that covers more than 60% of the farm area. |
| | Definition of Vulnerable to severe coastal inundation: Commercial Real Estate properties | We define a Commercial Real Estate property as 'Vulnerable' to severe coastal inundation if it is at risk of modelled inundation with a predicted depth of 10cm or more that covers more than 10% of the property title. |

## Assets vulnerable to physical risks (rainfall flooding and coastal inundation metrics).

Table 15 below presents the percentage of total TCE (including unmatched secured TCE) assessed as vulnerable to severe rainfall flooding and coastal inundation. These new metrics represent a significant uplift in our capability and progress in our assessment of key physical risks. This is a rapidly evolving area and we will continue to expand our analysis and improve our measurement and management of this area in coming years

This assessment is subject to significant limitations as noted above in the 'Limitations of our assessments' section on page 27 and in Appendix 3: Methodology and limitations applicable to physical risk assessment. In particular, these metrics are not intended to represent the wider impacts of physical risk across customers and communities. As noted in Table 7, taking a broader qualitative approach, we assess the potential impact of severe weather events and long-term changes in weather patterns as the most serious risk that we face.

Climate impacts may look similar across emissions scenarios, but differences are predicted to become more pronounced after 2050. This is partly due to the lag between GHG emissions and the climate system's response. Refer to Appendix 3 for an overview of climate scenarios, including timelines showing how temperature projections begin to diverge in the mid-term.

**Table 15: Metric Total TCE Vulnerable to severe rainfall flooding and coastal inundation.**

| Lending type | Physical Risk measure | SSP scenario | %TCE Vulnerable by lending type | | |
|---|---|---|---|---|---|
| | | | FY25 | | |
| | | | 2030 | 2040 | 2050 |
| Residential Mortgages | % Portfolio Vulnerable to severe rainfall flooding risk | IPCC SSP 1-2.6 | 1.98 % | 2.04% | 2.10% |
| | | IPCC SSP 2-4.5 | 1.98 % | 2.10% | 2.18% |
| | | IPCC SSP 5-8.5 | 2.02 % | 2.15% | 2.35% |
| | % Portfolio Vulnerable to severe coastal inundation risk | IPCC SSP 1-2.6 | 0.85 % | 0.93% | 1.02% |
| | | IPCC SSP 2-4.5 | 0.85 % | 0.94% | 1.07% |
| | | IPCC SSP 5-8.5 | 0.84 % | 0.95% | 1.12% |
| Agricultural Business | % Portfolio Vulnerable to severe rainfall flooding risk | IPCC SSP 1-2.6 | 2.71 % | 2.73% | 2.74% |
| | | IPCC SSP 2-4.5 | 2.71 % | 2.74% | 2.93% |
| | | IPCC SSP 5-8.5 | 2.72 % | 2.93% | 3.00% |
| | % Portfolio Vulnerable to severe coastal inundation risk | IPCC SSP 1-2.6 | 1.43 % | 1.48% | 1.50% |
| | | IPCC SSP 2-4.5 | 1.43 % | 1.48% | 1.51% |
| | | IPCC SSP 5-8.5 | 1.43 % | 1.48% | 1.51% |
| Commercial Real Estate | % Portfolio Vulnerable to severe rainfall flooding risk | IPCC SSP 1-2.6 | 2.07 % | 2.15% | 2.35% |
| | | IPCC SSP 2-4.5 | 2.07 % | 2.35% | 2.40% |
| | | IPCC SSP 5-8.5 | 2.13 % | 2.40% | 2.58% |
| | % Portfolio Vulnerable to severe coastal inundation risk | IPCC SSP 1-2.6 | 0.85 % | 1.00% | 1.02% |
| | | IPCC SSP 2-4.5 | 0.85 % | 1.00% | 1.02% |
| | | IPCC SSP 5-8.5 | 0.85 % | 1.02% | 1.06% |

# TAKING CLIMATE ACTION

## What we are doing to help the transition to a low-emissions, climate-resilient economy.

Through better measurement of climate impacts and our emissions as well as deeper understanding of the risks and opportunities we may experience, we can be clearer on the action that we need to take to support the transition to a low-emissions, climate-resilient future. In this section, we demonstrate how our climate information is distilled into actions through our transition plan, progress towards targets, capital deployed to reduce emissions and the sustainable finance products we offer.

## Climate Transition Plan

Since 2008, Westpac NZ has been committed to climate transition, starting with a focus on reducing emissions within our own operations. Over time, we expanded our efforts to understand the emissions of our customers, recognising the importance of supporting them in their own emissions reduction efforts and helping them build resilience to a rapidly changing climate. This has included setting up a dedicated ESG advisory team and developing financial products and insights designed to help support the transition to a low-emissions, climate-resilient economy.

Our journey is ongoing, and we are dedicated to continuous improvement and transparency. Last year we shared key elements of our Climate Transition Plan (CTP) in the 2024 Westpac NZ Climate Report. Our CTP helps guide the way we conduct business, support customers and engage with stakeholders. It outlines how we are responding to our climate-related risks and opportunities and incorporates Westpac NZ's actions to implement the WBC Climate Change Position within an Aotearoa context. It includes our short and medium-term targets and actions for how we will work towards achieving our longer-term ambitions. Our goal in transition planning is to help our bank and the customers, communities and businesses we serve to be prepared for the impacts of climate change. This includes ensuring our lending, procurement and internal investment is in the right place. We are also positioning ourselves and supporting customers, to seize the opportunities presented by the transition to a low-emissions, climate-resilient economy.

This year, we reviewed the CTP to incorporate new risks and opportunities uncovered in this year's scenario analysis exercises and to align with the newly developed Westpac Group CTP where appropriate, for example the group-wide principles and aspirations. The refreshed Westpac NZ CTP continues to have the same ambition and focus areas but with new pillar names and clearer details on our objectives and what we will do to achieve them.

Although the new Westpac Group CTP is broadly relevant to Westpac NZ, we operate within a different national context, shaped by different challenges, regulations, and priorities. We contribute to the Group's overarching CTP while also delivering on our own specific actions and targets to address the particular needs and opportunities of Aotearoa.

### Overview of how our CTP supports our business.

Our climate action is driven by Westpac NZ's Sustainability Commitment to powering a sustainable Aotearoa by enabling an inclusive, low-emissions, climate-resilient future for all. Our CTP is underpinned by four Westpac Group wide principles:

1. Science-based action - we support the scientific evidence on human-induced global warming produced by the Intergovernmental Panel on Climate Change and aim to align with the goals of the Paris Agreement to hold the increase in global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit temperature increase to 1.5°C above pre-industrial levels
2. Climate change creates risks and opportunities - recognising climate-related risk as a financial risk and leveraging opportunities for both our customers and us
3. Consider the interconnection between climate change, human rights and nature - ensuring the transition to net-zero emissions considers human rights and safeguards the natural environment
4. Systems-level thinking for collective action - emphasising that a net-zero economy depends on collective action and understanding how interdependent systems impact one another.

While these principles apply to the entire Group, Westpac NZ being in a different jurisdiction meant that we have adapted principles 1 and 3 above to the Aotearoa context. For Westpac NZ, our operational and financed emissions targets are aligned to 1.5 degrees and we consider te ao Māori as part of our climate response alongside nature and human rights. These actions within our CTP are categorised into three pillars:

1. **Strengthen our business operations**
2. **Empower customers**
3. **Champion change.**

**Strengthen our business operations** is about embedding climate considerations into the core of how we operate. This includes aligning our own operations with net-zero emissions and building the internal capabilities needed to support our customers effectively on their transition journeys. It's about keeping our house in order so we can better help others do the same.

**Empower customers** is about providing the right products and services as well as insights, tools and support for our customers' transition journeys, helping them build resilience and adapt to the impacts of a changing climate.

We actively engage with key customers across all sectors of the economy to support their transition and resilience journeys. This includes focused engagement with customers in hard-to-abate and high-emitting sectors, where we believe our involvement can have impact.

**Champion change** is about taking leadership, using our voice to advocate for climate action and collaborating with others to drive the systemic change required for a low-emissions and climate resilient future.

These pillars include a number of interlinked initiatives, which cover the business, as summarised in Table 16.

The implementation and success of the CTP depends on many interconnected factors, including:

- supportive and well-signalled domestic and global policies
- industry guidance
- availability and quality of data which includes emissions data across different sectors
- readiness of and access to low-emission technologies
- market demand
- a systemic collective approach
- access to financial resources from a broad range of sources such as government, councils, and investors
- ability to access funding to support our customers' transition efforts.

It is important that our carbon-intensive customers are also committed to reducing their emissions and advancing adaptation efforts as their actions play a pivotal role in the transition. As such, our CTP will continue to evolve over time.

**Table 16: Climate Transition Plan snapshot.**

| Pillars | Focus areas | 2025 progress | 2026 and beyond |
|---|---|---|---|
| **Strengthen our business operations** | 1. Net-zero emissions – reduce operational emissions in line with 1.5˚C | • Since 2019, we have reduced our Scope 1 and 2 operational emissions by 48% compared with our FY19 baseline and our emissions from our 'baseline' categories of Scope 3 operational emissions categories by 48%, and we remained Toitū net carbonzero certified. | • Continue to reduce operational emissions in line with 1.5°C pathway to net-zero by 2050, in line with our Sustainability Commitment, targeting a: 40% reduction of Scope 1 and 2 emissions by 2027 (from a 2019 baseline) and a 40% reduction of Scope 3 operational emissions for baseline categories by 2027 (from a 2019 baseline). See our discussion of these targets on page 35. |
| | 2. Strategy - ensure transition planning remains embedded into future enterprise planning processes | • Westpac NZ's Board and ET took part in climate scenario analysis workshops and deep dives on climate adaptation.<br>• Reviewed our CTP to incorporate new risks and opportunities from FY25 scenario analysis and reviewed actions, deliverables and owners internally to ensure these input into enterprise plans and priorities. | • Continue to review our CTP annually.<br>• Continue to play our role within Westpac Group's Climate Transition Plan including contributing to Westpac Group's specific sectoral targets to reduce financed emissions. |
| | 3. Risk - embed climate considerations into our risk management | • Introduced a new physical risk assessment using newly sourced data to better understand portfolio-level exposure to major physical risks across our residential mortgage, agricultural and commercial real estate lending portfolios. | • Continue to work through how the outcome of this physical risk assessment and underlying data can be incorporated into our risk management processes. |
| | 4. Capability - build our people's capability to support our customers to be climate resilient | • Continued providing regular education sessions to our Corporate bankers through ESG Champions programme.<br>• Delivered climate risk awareness training to frontline employees.<br>• 865 employees have completed the fundamentals module available through the EY Sustainability Academy as at 30 September 2025, an e-learning platform developed to help provide the knowledge and skills to support employees to integrate climate and sustainability understanding into their work.<br>• Delivered over 140 hours of targeted training to employees on other climate-related topics.<br>• Updated mandatory internal learning modules on managing ESG risk and how climate risk can impact customers. | • Continue to build the capability of our employees on climate-related matters specific to their roles.<br>• Continue to offer employees access to climate education. |
| | 5. Operational resilience - understand and manage physical risks and disruptions to our sites and people | • Completed desktop vulnerability assessment on all our sites to help Westpac NZ prepare and plan for business disruptions including network outages and other impacts caused by natural disasters and severe weather events. | • Develop action plan based on assessment results. |
| | 6. Intersection with nature and human rights - achieve positive outcomes for climate, nature and human rights within an Aotearoa context | • Published a Sustainable Marine Sector Report, highlighting strong growth potential and key drivers for transitioning to a sustainable blue economy which could also support Aotearoa's decarbonisation.<br>• Partnered with the Sustainable Business Network to deliver a Nature and Business Symposium for the second year, at which a Westpac NZ representative spoke on the role of the finance sector in enabling the nature-positive transition that also supports climate transition. | • Continue to implement our Natural Capital Action Plan including identifying where nature and climate change intersect to better support customers. |
| | 7. Employer of choice - build authenticity and trust to attract and retain talent | • Discovery, research and concept refinement of benefits that encourage our employees to make choices that lead to lower emissions, as part of our employee value proposition. | • Implementation of agreed actions. |
| | 8. Data and systems - source climate-related data and build systems to support decision making | • Procured physical risk climate data to support a new physical risk assessment. | • Improve our systems to support risk assessment and inform decision making. |

| Pillars | Focus areas | 2025 progress | 2026 and beyond |
|---|---|---|---|
| **Empower customers** | **9. Sustainable products and services - provide consumers and businesses with sustainable financial products and services, reduce our financed emissions and support Aotearoa's climate transition** | • Supported Auckland Council as Sole Sustainability Coordinator to issue Auckland Council's $250m inaugural Sustainability-Linked Bond (SLB). The SLB is the first of its kind in Australasia to link a bond to a nature-based target, and demonstrates how sustainable finance can incentivise positive nature-based outcomes, carbon sequestration and improved climate resilience.<br>• Total sustainable lending to business customers is $7.6b, including $4.0b of sustainable lending to agribusiness customers, as at 30 September 2025. Our Sustainable Farm Loan now represents 48% of our agribusiness term lending book.<br>• Assessed or re-assessed and engaged with 22 of our largest customers on their transition plans. | • Increase sustainable lending to $9b at 30 September 2027 to support our business customers to achieve positive social and environmental outcomes. Aim for $4.2b of the $9b sustainable lending to be for agribusiness customers.<br>• Develop more sustainable finance solutions to help business customers play their part in addressing social and environmental challenges in Aotearoa.<br>• Continue to engage with large, high emitting and/or customers with higher climate risk to support their transition. |
| | **10. Customer resilience - support vulnerable customers and communities impacted by climate change** | • Held Westpac NZ's Board capability building session with external subject matter experts to better understand the impacts of adaptation and managed retreat including how we can best support customers.<br>• Established escalation pathway for frontline staff to use when supporting customers experiencing vulnerability due to climate-related factors.<br>• Announced our general insurance partnership with Tower NZ, which will support the development of climate-related insurance insights for our customers.<br>• Updated external education content including First Home Buyer and Managing Your Money seminars to drive awareness of the increasing risk of natural hazards and severe weather events and potential impacts for New Zealanders. | • Continue to develop employee and customer awareness of climate-related risk.<br>• Work with Tower Insurance to consider how customers can be supported to understand and prepare for climate-related risks in relation to their property. |
| **Champion change** | **11. Climate leadership - support Aotearoa's climate action through partnership and collaboration** | • Continued to be a foundation sponsor of the Climate Change and Business Conference and the main sponsor and host of the KangaNews - Westpac NZ Sustainable Finance Summit.<br>• Published Powering New Zealand report, which sets out the economic case and significant potential for solar in Aotearoa.<br>• Continued to partner with NZ Landcare Trust to distribute six new grants to catchment groups around the country to help improve local waterways. Last year's grants funded projects which have significant climate co-benefits, such as the planting of more than 4,900 native plants and improvements to four wetlands.<br>• Continued to partner with BLAKE to develop NZ-VR Climate change education module into schools and was lead sponsor of BLAKE Awards and Rangatahi Award recognising and celebrating environmental leadership. | • Continue to seek partnerships and collaborate for positive climate impact.<br>• Continue to act as partner to BLAKE as they roll out NZ-VR Climate change education module. |
| | **12. Government and industry engagement - engage with government and industry on climate policy and regulation** | • Engaged with Government and key stakeholders e.g. insurers on development of national climate adaptation framework.<br>• Contributed to various submissions (both individually and at an industry level) on a range of climate-related consultations, including a number of consultations and submissions in relation to climate reporting; as well as proposals relating to the Green, Social, Sustainable and Sustainability-Linked bond class exemption. | • Continue to engage with industry and government to shape the public policy response to climate change including climate adaptation framework individually and as part of industry bodies e.g. New Zealand Banking Association. |

# Further detail on our Climate Transition Plan

Our CTP is aligned to a number of initiatives that directly or indirectly require capital expenditure, in particular focus areas 1, 8 and 9.

Our capital deployment in this area falls into two broad categories:

1. deployment towards business operations. This is discussed further directly below in CTP focus area 1: Net-Zero emissions and CTP focus area 8: Data and systems
2. deployment through sustainable finance solutions, which include climate-focussed factors as well as other sustainability considerations, discussed further below in CTP focus area 9: Sustainable finance products and services.

## CTP focus area 1: Net-zero emissions and CTP focus area 8: Data and systems.

The sections below outline our expenditure towards reducing our operational emissions profile, upgrading our processes and systems and also describes progress towards our operational emissions targets.

### Capital deployment via expenditure.

We invest in assets which improve our operational emissions profile and climate-related data and systems in line with focus areas 1 and 8 in our CTP above. Across FY25, the main investments that we deployed capital towards were:

- replacing LED lighting with an improved energy efficient alternative at our Takutai Square Auckland corporate office
- installing solar energy systems at four sites to minimise net electricity consumption from the grid
- installing EV charging units at eight sites
- implementation and upgrades of climate-related processes and systems capabilities.

Our total expenditure in FY24 included investment in data centres that improve energy efficiency. This investment was completed in FY24, resulting in a reduction in expenditure from FY24 to FY25.

**Table 17: Capital deployment via expenditure.**

| | FY25 | FY24 | FY23 |
|---|---|---|---|
| Total expenditure | $5.3m | $9.2m | $5.9m |

### Progress towards operational emissions targets.

We have set an operational emissions target in line with the Toitū certification requirements using the Toitū Envirocare target setting tool. The tool allows us to demonstrate that our Scope 1, Scope 2 and Scope 3 operational targets are consistent with a 1.5°C pathway to net-zero by 2050. The Toitū certification requires an organisation, as a minimum, to measure Scope 1 and Scope 2 emissions and specific types of Scope 3 emissions. Specific Scope 3 emissions required for certification are outlined in our Scope 3 target below.

Our 2027 absolute operational emissions target is to:

- reduce our absolute Scope 1 and Scope 2 operational GHG emissions by 40% by 2027, from a 2019 baseline; and
- reduce our absolute Scope 3 operational GHG emissions for baseline categories by 40% by 2027, from a 2019 baseline.

Our internal 'baseline' categories for our absolute Scope 3 operational GHG emissions target are air travel, freight of cash, private car use for business travel, rental cars, taxis, transmission and distribution losses from electricity, natural gas and waste. Our absolute Scope 3 operational GHG emissions target does not include accommodation, capital goods, data centre electricity usage, employee commuting, offsite electric vehicle charging, paper, spend- based purchased goods and services and working from home. In FY25, we achieved a 48% reduction in emissions from Scope 1 and 2 and internal 'baseline' Scope 3 categories from FY19 (our base year).

**Table 18: Progress towards operational emissions targets.**

| | FY25 Reduction against FY19 (%) | FY25 ($tCO_2e$) | FY24 ($tCO_2e$) | FY23 ($tCO_2e$) | FY19 (Base) ($tCO_2e$) |
|---|---|---|---|---|---|
| Scope 1 | 48 % | 653 | 768 | 955 | 1,657 |
| Scope 2 | | 1,232 | 952 | 977 | 1,941 |
| Scope 3 (internal baseline categories) | 48 % | 1,369 | 1,137 | 1,426 | 2,636 |
| **Total gross baseline operational emissions** | | **3,254** | **2,857** | **3,358** | **6,234** |

We do not rely on carbon credit offsets to achieve our operational emissions targets. However, to achieve our Toitū net carbonzero certification, we purchase certain carbon offsets, whilst prioritising working to reduce our business's gross emissions.

Having achieved our operational emissions target early, our plan to maintain this progress in FY26 is to:

- continue expanding the installation of solar energy systems, LED lighting upgrades and water metering and monitoring at applicable branch locations across the country
- focus on fuel reduction within our vehicle fleet via optimisation of our charging infrastructure
- encourage and educate our employees to choose lower emission travel options, such as Uber Green and sustainable hotels
- continue to educate Westpac NZ drivers on how to best utilise their hybrid fleet vehicles
- engage with our top 10 suppliers by spend to determine their emissions reduction strategies.

### Electrifying Westpac NZ's vehicle fleet.

To aid our decarbonisation in line with focus area 1 of our CTP, and as part of our 2025 Sustainability Strategy we had a target to have 100% of our vehicle fleet electric or PHEV (Plug-in Hybrid Electric Vehicles) by 2025. We initially reached 100% in December 2024 following the conversion of our passenger vehicle fleet to electric or PHEV. In May 2025, we piloted a Mobile Community Banking programme to support customers in areas without a permanent branch. This pilot now leases three light commercial diesel vehicles, and the second and third vehicles will enter into operation early in FY26. Including these light commercial diesel vehicles, our vehicle fleet was 98.5% electric or PHEV at 30 September 2025.

**Table 19: Vehicle fleet converted to EV/PHEV year on year comparison.**

| | Type | Measurement | FY25 | FY24 | FY23 | FY22 |
|---|---|---|---|---|---|---|
| Passenger Vehicle Fleet | Electric or PHEV | % | 100% | 97% | 74% | 51% |
| | | # | 197 | 214 | 179 | 137 |
| Mobile Community Banking Fleet | Diesel | # | 3 | 0 | 0 | 0 |
| Total Electric or PHEVs in Fleet | | % | 98.5% | 97% | 74% | 51% |

## CTP focus area 9: Sustainable finance products and services.

The sections below outline our plan to support Aotearoa's transition to a low-emissions, climate-resilient future through provision of sustainable finance products, engagement with customers and reduction of our financed emissions. Sustainable finance products and lending may focus on climate and/or non-climate related sustainability criteria, depending on the customer and product.

### Capital deployed through our lending strategies.

Through our lending we deploy capital to help manage climate-related risks and pursue opportunities. We actively pursue lending that has a positive impact on the environment and actively manage our exposure to high-emitting sectors, including via our positions in our Westpac Group Sustainability Positions.

We assess ESG risks for all Transaction Managed business lending over $1m and will continue to do so under our ESG Credit Policy. For more information on our ESG assessments, see the ESG Credit assessment section above.

In 2025, we focussed on helping our customers with their climate transition through sustainable lending. See further detail under 'Provide sustainable finance solutions' section below.

An example of this is Westpac NZ continuing to support our agribusiness customers in building more sustainable and resilient farms through the Westpac Sustainable Farm Loan. This helps them take action on climate change mitigation and adaptation, as well as water and soil management, nutrient management, waste, and health and safety plans.

### Acting on opportunities to assist with business and retail transition.

We are actively identifying opportunities to mobilise capital and support our customers with their climate transition. This includes working with existing customers and supporting emerging sectors and new technologies that will accelerate climate change mitigation, adaptation and nature restoration.

While new lending opportunities related to climate change have not yet been accurately quantified, the majority of our sustainable loans support investments in assets, or provide incentives through funding, aligned to the climate transition.

### Provide sustainable finance solutions.

We have a range of sustainable loan products across customer segments which can be used to support customers to invest in assets and projects or incentivise positive environmental outcomes which can help to reduce their emissions and/or build resilience to climate change impacts.

We have a 2027 target for sustainable lending, performance against which is shown below.

To support Aotearoa to achieve net-zero emissions and broader sustainability goals, we set a target in 2024 to increase sustainable lending to $9b by 2027 to support our business customers to achieve positive environmental and social outcomes (including $4.2b of Sustainable Farm Loan lending to our agribusiness customers). The 2027 $9b sustainable lending target covers a number of business loan products that are labelled as "sustainable" in accordance with the WBC Sustainable Finance Framework and will be measured based on TCE as at 30 September 2027.

Sustainable lending at 30 September 2025 is $7.6b, an 8% increase from $7.0b at 30 September 2024.

We have developed a number of sustainable lending products to support customers to accelerate their transition through increased resilience to climate change impacts or reduced GHG emissions. Further detail on the sustainable finance products we offer is provided below.

### Sustainable finance products for business customers.

**Supporting institutional customers.**

To help institutional customers accelerate their transition, we provide tailored sustainable finance solutions. These include green loans, and leases which finance or refinance assets or activities with environmental benefits.

Sustainability-Linked Loans include a financial incentive to customers linked to their achievement of ambitious sustainability performance targets. All Sustainability-Linked Loans with customers at 30 September 2025 incentivise decarbonisation through GHG emissions reduction targets.

While sustainable bonds are excluded from our sustainable lending targets, we continue to support our institutional customers with sustainable bond insights, structuring, and execution, including for example Auckland Council's $250m Sustainability-Linked Bond.

**Sustainable Farm Loan.**

This loan was designed to support customers to increase resilience to climate change impacts, reduce GHG emissions and help incentivise more sustainable farming practices.

Some examples of how farmers are using the loan are to:

- prioritise investment in flood and drought mitigation
- invest in new technologies to reduce emissions
- improve farm management (e.g. planting more efficient crops or choosing renewable energy sources).

With the Sustainable Farm Loan, we support customers from day one with a discounted interest rate across all term debt associated with the farm. Customers then have a two year transition period to meet our Sustainable Farm Standard.

At 30 September 2025, 48% of the agribusiness term lending is now labelled as sustainable, up from 43% in FY24 and the first tranche of Sustainable Farm Loan customers completed their two-year AsureQuality audits to verify that they have met the Westpac Sustainable Farm Standard.

**Sustainable Equipment Finance Loan.**

This loan was designed to support customers to reduce their climate impacts through purchasing sustainable equipment, namely electric, hydrogen fuelled or low-emissions equipment.

**Sustainable Business Loan.**

This loan was designed to support customers to make sustainability investments in their businesses. Customers can invest in a wide range of sustainable assets and activities that reduce GHG emissions, support communities to adapt to the impacts of climate change or help deliver other environmental or social outcomes.

**Table 20: 2027 target and progress for sustainable loans to business customers.**

| Sustainable Loan | TCE | | | |
|---|---|---|---|---|
| | FY27 Target | FY25 | FY24 | FY23 |
| Sustainable Farm Loan | $4,200m | $4,024m | $3,585m | $990m |
| **Total sustainable lending to our business customers** | **$9,000m** | **$7,600m** | **$7,015m** | **$3,430m** |

Note we do not have specific targets for Sustainable Loan types other than the Sustainable Farm Loan and therefore we are not identifying other sustainable loan types individually in the table above. Note also that some of the Sustainable Loans included in the 'Total sustainable lending to our business customers' target above focus on social and non-climate sustainability initiatives rather than management of climate-related risk.

## Sustainable finance products for retail customers.

We also offer sustainable loans to customers to make their homes and transport more energy efficient. The sustainable loans for consumers are shown in Table 21.

**Greater Choices Home Loan.**

This loan offers home loan customers lending up to $50,000 interest-free for five years to make their homes and transport more energy efficient.

**The EV Loan.**

This loan was designed to help customers purchase a vehicle that reduces their carbon emissions and running costs. This loan allows applicants to borrow up to $50,000 at a special interest rate for a new or used electric/hybrid car, e-moped or e-bike or to transfer an existing EV loan to Westpac.

**Table 21: Sustainable loans for consumers.**

| Sustainable Loan | Outstanding Balance | | |
|---|---|---|---|
| | FY25 | FY24 | FY23 |
| Greater Choices Home Loan and EV Loan | $207m | $187m | $93m |

## Engage with customers on their transition plans.

We believe customers' future success will be influenced by how well they plan for the transition to a low-emissions, climate-resilient economy. Regardless of whether businesses have mandatory climate reporting obligations, transition planning is a tool which any business can use to identify opportunities to take greater action on climate change, set and meet targets and commitments and build resilience to potential climate-related risks. Engaging with customers and supporting them to undertake transition planning can help to ensure they remain well positioned for the future.

Our customer transition plan framework is informed by the NZ CS published by the External Reporting Board and the Disclosure Framework published by the Transition Plan Taskforce, consisting of five main elements.

**Table 22: Our framework for assessing customer transition plans.**

| Elements | Areas of assessment |
|---|---|
| Foundations | 1. Risks and opportunities<br>2.Business and strategy |
| Implementation strategy | 3. Emissions reduction initiatives<br>4. Capital and financial planning<br>5. Key assumptions and external factors (new) |
| Engagement strategy | 6. Value chain engagement<br>7. Broader stakeholder engagement (new) |
| Metrics and targets | 8. Long-term GHG targets<br>9. Interim scope 1 and 2 GHG targets<br>10. Interim scope 3 GHG targets<br>11. Planned use of carbon credits<br>12. Reporting of progress<br>13. External Assurance |
| Governance | 14. Board oversight and capability<br>15. Incentives and remuneration<br>16. Skills, competencies and training |

In FY25, we added two new areas of assessment to our customer transition plan framework. We use this framework as a tool to support engagement with customers. It allows us to assess the transition maturity of a selection of higher emissions customers and customers who may be subject to higher climate-related risks. For our FY25 engagements, we selected customers based on a range of factors, such as gross emissions, financed emissions and overall exposure to climate-related risks.

**2025 progress on engaging with customers on their transition plans.**

This year, we have assessed and engaged with 22 corporate and institutional customers using the customer transition plan framework. Customers are selected based on a number of factors, including emissions-intensity, exposure to climate-related risks and where we have identified opportunities to support customers' transitions. These 22 customers represent 35% of our total Scope 1, 2 and 3 financed emissions. In some instances, we re-assessed some of the customers engaged in 2024. We have deliberately chosen to focus on a smaller number of customers, in favour of in-depth conversations. We believe these engagements result in a greater ability to provide targeted support, while also providing us with insights across a broad range of sectors. Since commencing this work in 2024, we have engaged 35 customers in total.

### Reducing our financed emissions.

Our financed emissions are our largest source of emissions and are therefore where we have the most potential to reduce our climate impact. To support reducing our financed emissions, sector emission reduction targets have been set, that we are currently working to achieve by supporting our customers with their plans to reduce emissions. These actions link to both focus area 2 and 9 of our CTP.

WBC has committed to aligning Westpac Group's lending portfolio with net-zero by 2050 and setting 2030 sector lending targets in emissions-intensive sectors. The financed emissions targets which have been set have had reference scenarios selected to be consistent with 1.5°C or well-below 2°C above preindustrial levels by 2100 as set out in Westpac Group's methodology and in line with industry guidance.

**New Zealand agriculture sector financed emission reduction targets.**

For Westpac NZ our agriculture portfolio makes up the largest portion of our financed emissions, therefore we have set two New Zealand specific agriculture targets, covering the dairy sector and the beef and sheep sector.

Both our agriculture financed emission reduction targets have a base year of 2021 and are focused on reducing the emission intensity of our lending portfolios by the target year of 2030. The Science Based Targets initiative (SBTi) Forest, Land and Agriculture commodity land management (on farm) pathways were used as the respective reference scenarios to set the target reductions required, these reference scenarios are aligned with the aim to limit the global average temperature increase to 1.5° Celsius above pre-industrial levels.

**Table 23: New Zealand agriculture sector financed emission reduction targets.**

| Sector | 2030 Targets | Base year | Progress (% to base year) | | | | Type of target |
|---|---|---|---|---|---|---|---|
| | | | FY24 | FY23 | FY22 | FY21 | |
| Agriculture - NZ Dairy | 10% reduction in scope 1 emissions ($tCO_2e$/ tonne of Fat and Protein Corrected Milk) | 2021 | 0.81 (-6%) | 0.84 | 0.88 | 0.86 | Intensity |
| Agriculture - NZ Beef and Sheep | 9% reduction in scope 1 emissions ($tCO_2e$/ tonne of Fresh Weight) | 2021 | 19.0 (-4%) | 20.1 | 20.7 | 19.8 | Intensity |

To be consistent with WBC reporting of the sector financed emission targets, progress is reported a year in arrears (i.e. this year we are able to report on FY24 figures, with FY25 figures becoming available next year).

Both our dairy and beef and sheep targets have reduced their emissions intensity from our base year. This has not been in a linear trajectory, which is to be expected with agriculture targets, as seasonal factors and variations can impact on farm activities.

We are engaging with our customers in scope for these targets, which includes discussing our Sustainable Farm Loan which incentivises on farm sustainability and includes a requirement to measure farm emissions and develop an emissions reduction plan. We are also continuing to collect farm emissions data from our customers which helps improve the data quality of our progress reporting.

**Methods, assumptions, limitations and uncertainties.**

The financed emission reduction targets are subject to a range of assumptions, dependencies and limitations. These include, but are not limited to:

- Use of suitable sector-specific reference pathways developed by organisations such as the IEA and SBTi, which have not necessarily been adapted to fully reflect Australian and New Zealand conditions
- Baseline financed emissions data is calculated using estimates and simplification where customer emissions data is not available.

There remains uncertainty over:

- The availability and scalability of emissions reduction technologies and management practices
- Customers' ability to adopt efficiency and productivity improvements in farming systems
- Seasonal variations which may affect farm practices, meaning the path to our target is unlikely to be linear
- The extent to which market forces and government policy will incentivise decarbonisation
- Some sector targets having dependencies on decarbonisation of adjacent sectors (e.g. increase in renewable electricity generation).

**Our approach to carbon offsets for sector emission reduction targets.**

We believe reducing gross emissions should be a priority action in achieving targets and the transition to a low emissions future. The methodologies for setting our current targets do not include the use of carbon offsets for our financed emissions.

We recognise carbon offsets, removals and other evolving technologies and practices may play a role to supplement emission reductions in some sectors, in line with science-based scenarios. Guidance around the quality and utilisation of carbon offsets is a rapidly evolving area and the approach for the use of carbon offsets will be regularly reviewed.

**Westpac Group sector financed emission reduction targets.**

Westpac Group has set portfolio level financed emission reduction targets for a number of emissions intensive sectors. These financed emissions sector reduction targets are set at the Westpac Group portfolio level and aim to reduce GHG emissions across Westpac Group's lending portfolios by 2030 against a 2021 base year (2022 for the Commercial Real Estate (Offices) sector target). Westpac NZ contributes to Westpac Group's targets for the Cement Production, Power Generation, Aviation, Upstream Oil and Gas and Commercial Real Estate sectors, as some Westpac NZ customers are included in these sectors.

For more detailed information on the Westpac Group sector financed emissions targets, refer to WBC's FY25 Sustainability Report.

## Internal emissions price

Westpac NZ does not currently and has not in the past applied an internal emissions price.

# ADDITIONAL INFORMATION



## Appendix 1: Emissions calculations

### Reporting Period.

Both financed emissions and operational emissions were measured for the current financial year period: 1 October 2024 to 30 September 2025.

### Standards.

We have prepared both the financed and operational emissions calculations in accordance with the following standards:

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition)
- The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

(collectively the GHG Protocol).

For financed emissions, we also prepare our approach in accordance with the PCAF Standard:

- PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition (PCAF Standard).

WBC and Westpac NZ are not currently signatories to the PCAF Standard.

### Restatement policy.

A restatement is required if there are any material errors, changes in methodology and/or business operations made in previous reporting periods, including base year. The restatement will be made in the first climate statement for issue after the discovery of the error(s) and/ or change(s), alongside an explanation of the error(s) and change(s).

For financed emissions, consideration of a material error would primarily occur if the impact of the change is 5% or greater at an overall level/asset class level/sector level or for a significant customer in a high-emitting sector. For impact consideration at an asset and sector level, this will also include a qualitative assessment based on the nature of the sector, such as emissions intensity and importance to the reader.

For operational emissions, consideration of a material error would primarily occur if the impact of the change is more than a 5% change in combined emissions across categories.

A restatement may be considered where significant changes have occurred to one or more of the following: the organisational or reporting boundaries, calculation methodologies or emissions factors and/or discovery of errors or omissions in the emission source input data. Where such a restatement has been made, an explanation of the change and rationale will be disclosed.

### Consolidation approach.

Following the GHG Protocol and PCAF Standard, Westpac NZ reports financed and operational emissions under the operational control consolidation approach.

## Financed emissions.

We calculate our financed emissions using both Outstanding Balance of facilities and TCE as measures of lending. Measuring lending on an Outstanding Balance basis allows us to meet the PCAF Standard and ease comparison with peers. However, we consider assessing financed emissions on a TCE basis reflects better long-term measurement of our financed emissions, avoiding potential volatility from customers' patterns of use of their credit facilities. As a result we calculate our financed emissions using both methods and disclose the results in this report. Note that, all else being equal, using TCE is likely to lead to higher emissions estimates given the inclusion of undrawn and off-balance sheet amounts.

Table 24 shows our FY25 financed emissions by TCE. We estimate our FY25 Scope 1 and 2 financed emissions to be 4,076,515 $tCO_2e$ on that basis. This reflects a 11.1% decrease from FY24, primarily due to the refinement of input data and obtaining more customer specific data.

On a TCE basis, in-scope lending in the Residential mortgages asset class covers 97.8% of our residential mortgages portfolio (Scope 1 and 2 only), while in-scope lending in the Commercial real estate and Business lending asset classes covers 97.6% of our business lending portfolio (Scope 1, 2 and 3).

**Table 24: FY25 and FY24 financed emissions by Total Committed Exposure.**

| Industry sector | Customer Scope 1 and 2 | | | | | | | | Customer Scope 3 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Emissions ($tCO_2e$) | | % of total Westpac NZ's total emissions | | Emissions intensity ($tCO_2e$/ $million lent) | | PCAF Data Quality Score | | Emissions ($tCO_2e$) | | PCAF Data Quality Score | |
| | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 |
| Accommodation, cafes and restaurants | 3,691 | 3,034 | 0.09 % | 0.07 % | 7.99 | 6.86 | 4.47 | 4.83 | 82,857 | NR | 4.63 | NR |
| Agriculture | 2,818,652 | 3,270,406 | 69.14 % | 71.33 % | 303.67 | 349.73 | 3.38 | 3.71 | 428,114 | NR | 4.21 | NR |
| Construction | 45,575 | 39,415 | 1.12 % | 0.86 % | 37.48 | 39.83 | 4.64 | 4.28 | 219,762 | 253,477 | 4.64 | 4.45 |
| Finance and insurance | 2,181 | 2,244 | 0.05 % | 0.05 % | 0.32 | 0.32 | 4.73 | 4.90 | 57,951 | NR | 4.74 | NR |
| Forestry and fishing | 9,492 | 13,160 | 0.23 % | 0.29 % | 22.00 | 25.62 | 4.09 | 4.73 | 34,099 | NR | 4.65 | NR |
| Government, administration and defence | 334 | 6 | 0.01 % | — % | 8.51 | 14.14 | 2.30 | 5.00 | 779 | NR | 4.29 | NR |
| Manufacturing | 295,521 | 329,978 | 7.25 % | 7.20 % | 81.60 | 98.37 | 3.35 | 4.00 | 2,787,544 | 2,326,486 | 3.66 | 3.96 |
| Mining | 73,057 | 118,592 | 1.79 % | 2.59 % | 320.26 | 505.63 | 2.28 | 2.66 | 144,933 | 373,670 | 3.16 | 2.64 |
| Property | 52,830 | 75,086 | 1.30 % | 1.64 % | 5.75 | 8.65 | 4.40 | 4.40 | 63,385 | 163 | 4.80 | 5.00 |
| Property (secured Commercial real estate) | 38,853 | 30,886 | 0.95 % | 0.67 % | 5.49 | 4.03 | 4.29 | 4.30 | NR | NR | NR | NR |
| Property (excluding secured Commercial real estate and Residential mortgages) | 13,977 | 44,200 | 0.34 % | 0.96 % | 6.66 | 23.14 | 4.78 | 4.76 | 63,385 | 163 | 4.80 | 5.00 |
| Property services and business services | 8,785 | 6,275 | 0.22 % | 0.14 % | 5.07 | 4.29 | 4.34 | 4.73 | 162,188 | 9,601 | 4.35 | 4.69 |
| Services | 10,231 | 9,712 | 0.25 % | 0.21 % | 3.35 | 3.32 | 3.51 | 4.34 | 78,631 | 10,123 | 3.66 | 4.55 |
| Trade | 56,166 | 73,988 | 1.38 % | 1.61 % | 16.74 | 27.85 | 4.34 | 4.74 | 654,990 | NR | 4.60 | NR |
| Transport and storage | 77,035 | 87,293 | 1.89 % | 1.90 % | 59.29 | 79.04 | 2.54 | 3.83 | 123,501 | 66,844 | 3.20 | 4.31 |
| Utilities | 514,275 | 469,968 | 12.62 % | 10.25 % | 103.17 | 125.23 | 3.18 | 4.20 | 258,614 | 2,432 | 3.34 | 4.03 |
| **Total Business lending (including Commercial real estate)** | **3,967,827** | **4,499,157** | **97.33 %** | **98.12 %** | **86.78** | **105.84** | **3.90** | **4.29** | **5,097,348** | **3,042,795** | **4.15** | **4.08** |
| **Residential mortgages** | **108,688** | **86,046** | **2.67 %** | **1.88 %** | **1.32** | **1.09** | **4.02** | **4.03** | **NR** | **NR** | **NR** | **NR** |
| **Total in scope lending** | **4,076,515** | **4,585,203** | **100.00 %** | **100.00 %** | **31.76** | **37.64** | **3.98** | **4.12** | **5,097,348** | **3,042,795** | **4.15** | **4.08** |

## Financed emissions (continued).

Table 25 shows our financed emissions by Outstanding Balance. We estimate our FY25 Scope 1 and 2 financed emissions to be 3,263,125 $tCO_2e$ on that basis. This reflects a 16.4% decrease, primarily due to the refinement of input data and obtaining more customer specific data.

On an Outstanding Balance basis, in-scope lending in the Residential mortgages asset class covers 97.8% of our residential mortgages portfolio (Scope 1 and 2 only), while in-scope lending in the Commercial real estate and Business lending asset classes covers 97.0% of our Business lending portfolio (Scope 1, 2 and 3).

**Table 25: FY25 and FY24 financed emissions by Outstanding Balance.**

| Industry sector | Customer Scope 1 and 2 | | | | | | | | Customer Scope 3 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Emissions ($tCO_2e$) | | % of total Westpac NZ's total emissions | | Emissions intensity ($tCO_2e$/ $million lent) | | PCAF Data Quality Score | | Emissions ($tCO_2e$) | | PCAF Data Quality Score | |
| | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 |
| Accommodation, cafes and restaurants | 2,532 | 2,515 | 0.08 % | 0.06 % | 6.77 | 6.73 | 4.67 | 4.81 | 62,184 | NR | 4.68 | NR |
| Agriculture | 2,600,392 | 3,136,042 | 79.69 % | 80.36 % | 301.93 | 355.07 | 3.34 | 3.71 | 390,606 | NR | 4.20 | NR |
| Construction | 14,396 | 15,993 | 0.44 % | 0.41 % | 24.32 | 29.53 | 4.71 | 4.58 | 87,453 | 151,563 | 4.71 | 4.49 |
| Finance and insurance | 1,625 | 1,843 | 0.05 % | 0.05 % | 0.35 | 0.36 | 4.85 | 4.91 | 42,998 | NR | 4.82 | NR |
| Forestry and fishing | 7,512 | 6,485 | 0.23 % | 0.17 % | 22.71 | 20.71 | 3.94 | 4.65 | 28,439 | NR | 4.67 | NR |
| Government, administration and defence | 20 | 3 | — % | — % | 10.13 | 14.14 | 2.50 | 5.00 | 60 | NR | 4.34 | NR |
| Manufacturing | 162,597 | 144,480 | 4.98 % | 3.70 % | 77.23 | 74.36 | 3.67 | 4.42 | 1,147,574 | 855,686 | 3.96 | 4.36 |
| Mining | 37,567 | 86,087 | 1.15 % | 2.21 % | 381.78 | 399.75 | 2.94 | 3.18 | 78,303 | 265,994 | 2.94 | 3.18 |
| Property | 46,729 | 66,598 | 1.43 % | 1.71 % | 5.92 | 8.75 | 4.36 | 4.34 | 47,997 | 102 | 4.83 | 5.00 |
| Property (secured Commercial real estate) | 36,072 | 28,394 | 1.11 % | 0.73 % | 5.95 | 4.30 | 4.21 | 4.24 | NR | NR | NR | NR |
| Property (excluding secured Commercial real estate and Residential mortgages) | 10,657 | 38,204 | 0.33 % | 0.98 % | 5.83 | 21.57 | 4.83 | 4.70 | 47,997 | 102 | 4.83 | 5.00 |
| Property services and business services | 5,144 | 4,824 | 0.16 % | 0.12 % | 4.72 | 4.53 | 4.34 | 4.64 | 96,781 | 5,635 | 4.34 | 4.74 |
| Services | 6,501 | 6,942 | 0.20 % | 0.18 % | 3.22 | 3.51 | 3.53 | 4.27 | 56,893 | 7,233 | 3.54 | 4.54 |
| Trade | 32,864 | 52,384 | 1.01 % | 1.34 % | 14.74 | 28.15 | 4.37 | 4.72 | 444,340 | NR | 4.52 | NR |
| Transport and storage | 36,674 | 55,211 | 1.12 % | 1.41 % | 57.20 | 76.04 | 3.12 | 4.15 | 81,267 | 45,417 | 3.35 | 4.50 |
| Utilities | 218,549 | 252,409 | 6.70 % | 6.47 % | 90.92 | 111.68 | 3.93 | 4.41 | 125,745 | 2,231 | 4.09 | 4.02 |
| **Total Business lending (including Commercial real estate)** | **3,173,103** | **3,831,816** | **97.24 %** | **98.19 %** | **96.09** | **116.43** | **4.01** | **4.30** | **2,690,638** | **1,333,861** | **4.30** | **4.34** |
| **Residential mortgages** | **90,023** | **70,537** | **2.76 %** | **1.81 %** | **1.29** | **1.06** | **4.02** | **4.03** | **NR** | **NR** | **NR** | **NR** |
| **Total in scope lending** | **3,263,125** | **3,902,353** | **100.00 %** | **100.00 %** | **31.75** | **39.25** | **4.02** | **4.12** | **2,690,638** | **1,333,861** | **4.30** | **4.34** |

## Methods, assumptions and estimation uncertainty.

We estimate our:

- Scope 1 and 2 financed emissions
- Scope 1 and 2 financed emissions intensity associated with our reported asset classes (lending to business, commercial and institutional sectors including Commercial real estate and Residential mortgages).
- Scope 3 financed emissions for all sectors in the Business lending asset class.

Our financed emissions estimates are based on the best available data at a point in time. We sought publicly available data from a third party data supplier to obtain additional granular and customer-specific data. Our policy is to only use actual customer data if it uses sufficiently recent financial and emissions data from the same reporting period. If we do not have sufficiently recent actual customer data, we would use a lower data quality method using sector/industry averages.

**Consolidation approach.**

Following the GHG Protocol and PCAF Standard, Westpac NZ reports financed emissions under the operational control consolidation approach.

Financed emissions are calculated and reported for Westpac NZ and its subsidiaries. This excludes WBC NZ Branch and BTNZ (as we do not have operational control), which are businesses/subsidiaries of WBC, but separate entities from Westpac NZ and its subsidiaries.

For FY24 and FY25, we have not included emissions from entities in which Westpac NZ or its subsidiaries have a minority equity interest. Further investigation into data requirements and appropriate methodologies is required to assess the possibility of reporting in future years. The emissions arising from these entities are likely to be non-material. The entities excluded from our FY25 financed emissions calculation are Payments New Zealand, n3 Hub Limited, Akahu Technologies Limited, SWIFT and GetVerified Limited.

Further, Westpac NZ has not included GHG emissions in respect of the investments made by the Westpac New Zealand Staff Superannuation Scheme in its emissions reporting as the Scheme is a separate entity (a trust). This scheme is not included for financial or climate reporting as Westpac NZ does not have operational control.

**PCAF asset classes.**

In FY25, we have estimated our financed emissions associated with our lending in three asset classes:

- Business lending
- Commercial real estate
- Residential mortgages.

As at FY25, we have not estimated financed emissions for other asset classes due to considerations of materiality in the context of Westpac NZ's portfolio, data availability and lack of appropriate methodologies. Notably, our non-mortgage personal lending (e.g. personal loans and credit cards), our lending to Government, Government-owned entities and sovereign debt, listed equity and corporate bonds and personal motor vehicle loans are out of scope for our financed emissions calculations. Based on initial screening the non-reported PCAF asset classes are not considered material on an Outstanding Balance basis due to the relative size of our lending and investments in those asset classes; however, we have elected to use Adoption Provision 4 in respect of sovereign debt and corporate bonds this year, as we have not estimated their impact on our emissions profile. We have prioritised improvement of the three reported asset classes for FY25, and seek to develop calculation of further asset classes beyond FY25.

While we estimate financed emissions for project finance and business motor vehicle loans, we do not use the prescribed PCAF methodology for these asset classes due to data availability. These have been calculated using the Business lending methodology.

**Facilitated emissions.**

Facilitated emissions are those in respect of our facilitation of capital market transactions such as syndicated loans where these loans are not on Westpac NZ's balance sheet. The portions of syndicated loans that are on Westpac NZ's balance sheet are within the scope for financed emissions. Our financed emissions calculations currently exclude facilitated emissions.

**Emission scopes.**

In FY25, consistent with FY24, we measured and reported absolute Scope 1 and 2 emissions associated with lending for our in-scope asset classes (i.e. customers' Scope 1 and 2 emissions).

As required by the PCAF Standard:

- in FY25, we measured and disclosed customers' Scope 3 emissions for all sectors within the Business lending asset class
- in FY24, we measured and disclosed customers' Scope 3 emissions for selected industries within the Business lending asset class.

**Data.**

We prioritise available data from the most recent time periods relevant to our estimate calculations, supplemented by estimates and assumptions where applicable. As data quality varies across portfolios and sectors, in some instances we need to use proxy data to estimate emissions totals. Our major data elements and factors that may impact our calculations are outlined below.

**Measures of financing.** For the purposes of estimating financed emissions, we use both TCE and Outstanding Balance metrics to measure our financing to customers across our portfolios.

Each of these are termed as our 'lending' to customers in this methodology appendix. Our approach of using Outstanding Balance aligns with the PCAF Standard.

Our approach of using TCE is a conservative deviation from the approach recommended in the PCAF Standard. We consider TCE a more comprehensive approach than Outstanding Balance, reflecting our decisions to extend credit to customers. It also allows better long-term measurement of our financed emissions as it avoids potential volatility due to customers' use of their facilities. Note, all else being equal, using TCE is likely to lead to higher emissions estimates given the inclusion of undrawn and off-balance sheet amounts in this metric as demonstrated in our results in Tables 24 and 25 above.

**Timing of data.** Lending data is as at 30 September 2025. While we seek the most recent external data for our calculations, we often need to apply data from different time periods depending on availability.

**Data quality.** We evaluate data quality using Data Quality Scores based on the PCAF Standard methodology and calculated individual scores for each asset class. These Data Quality Scores reflect the level of uncertainty in the data using a scale of 1 to 5, with the lowest / best scores assigned to relatively more accurate company/property-level data and the highest/ worst scores assigned to data more reliant on assumptions and proxy data such as industry averages.

Over time we are aiming to lift the quality of our data and improve (reduce) our PCAF Data Quality Scores across our asset classes.

**Emission factors.** Primarily, we use emission factors from:

- New Zealand Ministry for the Environment Measuring emissions: A guide for organisations: 2025 detailed guide which uses GWP rates from the Intergovernmental Panel on Climate Change fifth assessment report (AR5)
- Statistics New Zealand which use GWP from the Intergovernmental Panel on Climate Change fifth assessment report (AR5). However, regional inventories may be based on those from other assessment reports
- thinkstep-anz Emission Factors for New Zealand: Greenhouse Gas Emission Intensities for Commodities and Industries v3.0 which uses GWP from the Intergovernmental Panel on Climate Change fifth assessment report (AR5).

**Industry classification codes.** We use ANZSIC codes to identify customers' primary business activity and sector they are involved in. For many sectors, we can then apply a relevant calculation approach and sector-level economic intensity emissions factor. Using ANZSIC codes has a number of limitations including:

- ANZSIC codes may not reflect changes where a business may have transitioned from one sector over time or as a result of corporate transactions such as acquisitions or divestments
- where diversified customers are allocated to a specific ANZSIC sector, the estimated emissions may not be reflective of the actual business activities and therefore be under or overstated.

**Property-level information.** We are unable to readily obtain property-level emissions or energy consumption data for most residential or commercial properties. Accordingly, we apply regional averages and/or other regional proxy data to estimate the emissions for these properties.

**Comparing emissions data over time.** Changes to methodologies and underlying data (refer to the Data Sources section in the methodology for each asset class) may change the estimated financed emissions results and impact comparability over time. Changes could include changing data sources, company and property data, sector allocations, emissions factors and financial ratios. Methodology changes are also possible as more analysis is completed on sectors and sub-sectors to better understand emissions.

Our financed emissions estimates are based on the best available data at a point in time taking into consideration the factors above. With different methodologies and more timely data points, different results may occur over a time series, making comparison of the raw results difficult. Therefore, a level of uncertainty is inherent in the calculations.

### Methodology.

In general, we estimate financed emissions by assessing the proportion of emissions of individual customers' activities or industry sectors attributable to financing provided by Westpac NZ.

We have adopted the methodologies from the PCAF Standard. For each asset class, several approaches are used to estimate our financed emissions based on availability and quality of data inputs at the facility, customer and/or sector-levels. Where possible, we use the approach where relatively more accurate data is available.

### Relationship to Westpac Group's financed emission reduction sector targets.

Westpac NZ's financed emissions as disclosed in this report are not directly comparable to the estimated financed emissions for Westpac Group's financed emission reduction sector targets. This is because the sector targets use narrower boundaries and more granular company information. This particularly applies to those sector targets which are expressed as emissions intensity targets. As a result, there are some identified differences in data inputs and methodologies and therefore reported data.

## Business lending.

### Scope.

We measure Scope 1, 2 and 3 financed emissions for this asset class. Outstanding Balance includes Westpac NZ's business, commercial and institutional on-balance sheet lending. TCE includes all Outstanding Balances as defined above with the addition of undrawn commitments and off-balance sheet lending amounts.

Business loans for the purpose of buying/leasing motor vehicles and to projects for specific purposes are also included in the Business lending asset class as opposed to the separate PCAF Motor vehicle loans asset class and Project finance asset class respectively.

Exclusions:

- Consumer lending (e.g. personal credit cards and personal loans)
- Business lending that meets the definition of Commercial real estate is excluded to avoid double-counting (for more information on Commercial real estate methodology, see page 46)
- Lending to government
- Merchant prepayment risk and pre-settlement risk exposures.

### Data sources.

Data sources used in our calculation include:

- Westpac NZ internal systems
- reported emissions and activity data:
  - customers' reported Scope 1, 2 and 3 emissions were sourced for the latest available periods from a combination of external financial market data providers, agribusiness farm reports and customers' public disclosures.
  - customers' reported physical activity data was sourced for the latest available periods from a combination of Westpac NZ internal systems based on periodic customer filings of company production information for certain agriculture customers
- customer financial data:
  - customers' financial data was sourced for the latest available periods from a combination of Westpac NZ internal systems based on periodic customer filings of company financial information, customers' public disclosures and external financial market data providers
- emission factors for Scope 1 and Scope 2 were derived based on information from a combination of:
  - Statistics New Zealand (Stats NZ) GHG emissions by region (industry and household) for the year ended 2022
  - Stats NZ Business performance benchmarker for the year ended 2022
  - thinkstep anz Emission Factors for New Zealand: Greenhouse Gas Emission Intensities for Commodities and Industries v3.0
- material portions of emissions factors relating to agriculture is based on information from a combination of:
  - Stats NZ Fertilisers – nitrogen and phosphorus statistics for 2021
  - Stats NZ Agricultural production statistics: Year to June 2024
  - New Zealand Ministry for the Environment Measuring emissions: A guide for organisations: 2025 detailed guide
- in absence of any other available information, Scope 3 emissions were estimated from spend-based factors using environmentally-extended input-output analysis from thinkstep anz Emission Factors for New Zealand: Greenhouse Gas Emission Intensities for Commodities and Industries v3.0
- sector financial ratios for industry sectors were derived for each sector based on information from Stats NZ Annual Enterprise Survey for 2024 (provisional).

### Calculation approaches and data scores.

Financed emissions for each customer are calculated as the product of the attribution factor for each customer (or the relevant sector-level financial ratio multiplied by the sum of our lending to the customer) and the total reported or estimated emissions for each customer (or the relevant sector-level emissions factor).

The attribution factor is the ratio of our lending over the customer's company value. Depending on availability of customer financial data, company value is either: the enterprise value including cash for certain listed companies or private companies' listed parent company groups; or the sum of the total equity and debt (or total tangible assets, depending on data availability) for private customers or their parent company group.

Emissions for Business lending customers depend on their activity and sector. We estimate the Scope 1, 2 and 3 emissions associated with these exposures based on their sector and then aggregate these estimates across customers and portfolios. Note we do not report Scope 3 emissions for PCAF Data Quality option 2b as livestock do not produce Scope 3 emissions, and there is no defined methodology under PCAF.

The PCAF data hierarchy assigns a data quality score from one to five (highest data quality to lowest) which represents varying levels of estimation and uncertainty in a customer's emissions based upon the reliability of the data available. Details of this for Business lending are in Table 26.

**Table 26: Business lending calculation approaches and Data Quality Scores.**

| PCAF option | PCAF Data Quality Score | Formula | Description | % of in scope Business lending (TCE) modelled for Scope 1 and 2 emissions | | % of in scope Business lending (Outstanding Balance) modelled for Scope 1 and 2 emissions | | % of in scope Business lending (TCE) modelled for Scope 3 emissions | | % of in scope Business lending (Outstanding Balance) modelled for Scope 3 emissions | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 | FY25 | FY24 |
| 1a | 1 | Attribution factor<br>X<br>Customer's actual emissions | Customers' Scope 1 and 2 emissions were sourced as-is from information available in customers' public disclosures, farm reports and financial market data providers (emissions were verified by assurers). | 14.1 % | — % | 7.2 % | — % | 10.0 % | — % | 5.5 % | — % |
| 1b | 2 | Attribution factor<br>X<br>Customer's actual emissions | Customers' Scope 1 and 2 emissions were sourced as-is from information available in customers' public disclosures, farm reports and financial market data providers (emissions were assumed to be unverified). | 4.6 % | 6.6 % | 6.3 % | 2.9 % | 1.3 % | 15.6 % | 0.8 % | 6.1 % |
| 2b | 3 | Attribution factor<br>X<br>Livestock count<br>X<br>Estimated livestock emission factor | Customers' emissions were estimated based on customers' primary physical activity data of their companies' production and emissions intensity factors specific to those production data.<br>This approach was applied to livestock-based agriculture companies only, where physical activity data and relevant emissions factors were available. | 11.8 % | 13.4 % | 16.1 % | 17.2 % | — % | — % | — % | — % |
| 3a | 4 | Attribution factor<br>X<br>Customer's revenue<br>X<br>Sector emission factor | Customers' emissions were estimated based on the customers' economic activity data, where customer financial data was available and economic emissions intensity factors at the sector-level.<br>Customer revenue was multiplied by a sector-level economic emissions intensity factor allocated to the customer's ANZSIC sector on a 'sector best-fit approach'.<br>This approach was applied to customers where customer-specific emissions and physical activity data were not available but financial data was available. | 23.3 % | 24.2 % | 23.5 % | 26.0 % | 41.0 % | 44.9 % | 45.3 % | 47.4 % |
| 3c | 5 | Lending amount<br>X<br>Sector financial ratio<br>X<br>Sector emission factor | Customers' emissions were estimated based on economic intensity, where customer production and financial data were not available.<br>Customer revenue was estimated based on sector financial ratios and then multiplied by a sector-level economic emissions intensity factor allocated to the customer's ANZSIC sector on a 'sector best-fit approach'.<br>This approach was applied to customers where customer-specific emissions, physical activity and financial data were not available. | 46.1 % | 56 % | 46.9 % | 53.9 % | 47.7 % | 39.5 % | 48.4 % | 46.4 % |

## Commercial real estate.

### Scope.

We measure Scope 1 and 2 financed emissions only for this asset class. Outstanding Balance includes Westpac NZ's on-balance sheet lending. TCE includes all Outstanding Balances as defined above with the addition of undrawn commitments and off-balance sheet lending amounts. Exclusions applicable to TCE and Outstanding Balance:

- Pre-settlement risk
- Construction of properties as the emissions are captured under the Construction category of the Business lending asset class
- Freehold hotels and motels as the emissions of these properties are assigned to the hotel and motel operators
- Development lands (residential, industrial, office and retail) as the emissions of the development of these properties are assigned to the developing companies.

This includes all Commercial real estate lending secured against residential and/or commercial property. Commercial Real Estate sector customers without lending secured by residential and/or commercial property are included in the Business Lending Asset Class instead.

### Data sources.

Data sources used in our calculation include:

- Westpac NZ internal systems
- Estimated electricity and gas used per $m^2$ were sourced from the Building Energy End-use Study Part 1: Final Report BRANZ Study Report SR 297/1 for 2014
- Floor area, median floor area by industry data and land use description sourced from District valuation Roll and Land Information New Zealand
- Emission factors were sourced from the New Zealand Ministry for the Environment Measuring emissions: A guide for organisations: 2025 detailed guide.

### Calculation approaches and data scores.

We attribute a portion of the estimated emissions for each in-scope property based on attribution factors. Total financed emissions are calculated by grouping properties with similar building and geographic characteristics and aggregating the product of the estimated emissions for each group of properties across the portfolio and the attribution factor for each group.

The attribution factor is the ratio(s) of customer lending secured by the property over the property value of the relevant property.

Depending on data availability, we measure the property value as either: the value at loan origination or the most recent credit event (i.e. when the loan was increased, renewed, refinanced, or extended).

Emissions from Commercial real estate lending represent emissions created by the energy use of the property. This includes Scope 1 and 2 emissions and is reported in $tCO_2e$.

Where data was available, we use floor area of the property to estimate emissions, otherwise average energy consumption per property (by region and property type) was used.

**Table 27: Commercial real estate calculation approaches and Data Quality Scores.**

| PCAF option | PCAF Data Quality Score | Formula | Description | % of in scope Commercial real estate (TCE) modelled | | % of in scope Commercial real estate (Outstanding Balance) modelled | |
|---|---|---|---|---|---|---|---|
| | | | | FY25 | FY24 | FY25 | FY24 |
| 2b | 4 | Attribution factor<br>X<br>Floor area of property<br>X<br>Average emissions per $m^2$ | Customer emissions are estimated based on estimated building energy consumption per Net Lettable Area (NLA) floor area based on building type and location-specific statistical data.<br>Emissions are calculated using estimated building energy consumption and average emission factors specific to the respective energy source.<br>This approach was applied to the majority of properties in our portfolio for which data on NLA floor area was available to be sourced. | 71.4 % | 70.4 % | 78.8 % | 76.4 % |
| 3 | 5 | Attribution factor<br>X<br>Property value<br>X<br>Average floor area per $ property value<br>X<br>Average emissions per $m^2$ | Customer emissions are calculated based on estimated building energy consumption per building based on building type and location-specific statistical data and aggregated across the number of buildings in each category.<br>Emissions are calculated using estimated building energy consumption and average emission factors specific to the respective energy source.<br>This approach was applied to a subset of properties in our portfolio where only exposure and property values are known and available. | 28.6 % | 29.6 % | 21.2 % | 23.6 % |

## Residential mortgages.

### Scope.

We measure Scope 1 and 2 financed emissions only for this asset class. Outstanding Balance includes Westpac NZ's on-balance sheet loans to New Zealand customers (both owner-occupiers and investors) for the purchase and refinancing of residential property. TCE includes Outstanding Balance, as defined above, with the addition of undrawn commitments.

Exclusions:

- Loans for the purchase of vacant land, as there are no attributable emissions.

### Data sources.

Data sources used in our calculation include:

- Westpac NZ internal systems
- Electricity use per household by region from the New Zealand Electricity Authority for the October 2024 to September 2025 period
- Floor area data sourced from District valuation Roll and Land Information New Zealand
- Number of occupied dwellings sourced from Stats NZ household income by region - occupied dwellings 2025
- Emissions from heating and cooling were sourced from Stats NZ Greenhouse gas emissions by region (industry and household) 2025
- Emission factors were sourced from the New Zealand Ministry for the Environment Measuring emissions: A guide for organisations: 2025 detailed guide.

### Calculation approaches and data scores.

We attribute a portion of the estimated emissions for each property based on an attribution factor. Total financed emissions are calculated by aggregating the product of the estimated emissions for each group of properties per loan and the attribution factor for each loan.

The attribution factor is the ratio of the loan amount over the property value, adjusting the ratio if multiple properties are linked to the same loan. We measure the property value as either: the value at loan origination, or the most recent credit event (i.e. when the loan was increased, renewed, refinanced, or extended).

Emissions from residential mortgages represent emissions created by the household energy use of mortgage customers. This includes Scope 1 and 2 emissions reported as $tCO_2e$. Where available, we used floor area of the dwelling to calculate this; otherwise regional average energy consumption per household was used.

**Table 28: Residential mortgages calculation approaches and Data Quality Scores.**

| PCAF option | PCAF Data Quality Score | Formula | Description | % in scope residential mortgages (TCE) modelled | | % of in scope residential mortgages (Outstanding Balance) modelled | |
|---|---|---|---|---|---|---|---|
| | | | | FY25 | FY24 | FY25 | FY24 |
| 2b | 4 | Attribution factor<br>X<br>Floor area of dwelling<br>X<br>Average household emissions per $m_2$ | Customer emissions are estimated based on assumed dwelling energy consumption per floor area based on location-specific statistical data.<br>Emissions are calculated using estimated building energy consumption and average emission factors specific to the respective energy source. | 97.9 % | 97.1 % | 97.8 % | 97.1 % |
| 3 | 5 | Attribution Factor<br>X<br>Average household emissions | Customer emissions are calculated based on estimated dwelling energy consumption per dwelling based on dwelling type and location-specific statistical data.<br>Emissions are calculated using estimated dwelling energy consumption and average emission factors specific to the respective energy source. | 2.1 % | 2.9 % | 2.2 % | 2.9 % |

# Operational emissions

## Methods, assumptions and estimation uncertainty.

### Consolidation approach.

Organisational boundaries were set in alignment to the methodology described in the GHG Protocol and ISO 14064-1:2018 standard. We have applied an operational control consolidation approach, which aligns with the direct operational footprint of all our businesses in Aotearoa. This scope includes our corporate offices, branches, ATMs, regional centres and data centres.

### Calculations and emission factors.

Reports, invoices and data are received from the relevant data source/supplier and the relevant emission factors are applied to calculate the emissions. A calculation methodology has been used for quantifying the emissions inventory based on the following calculation approach: emissions = activity data x emissions factor.

All operational emissions, except for capital goods, employee commuting and spend-based purchased goods and services emissions were calculated using Toitū's emanage software. Employee commuting emissions were calculated in-house. All operational emissions, except for capital goods and spend-based purchased goods and services were calculated with emission factors and GWP sourced from the Ministry for the Environment. In 2025 the Ministry for the Environment released new emission factors. Westpac NZ have applied these new factors to FY25 in conjunction with the Ministry for the Environment's 2024 Measuring Emissions: A guide for organisations; using the GWPs published in the IPCC Fifth Assessment Report (AR5). Below are the exceptions where emission factors are from different sources:

- Scope 3 Paper use
    - UK Department for Business, Energy and Industrial Strategy. Government greenhouse gas conversion factors for company reporting (DESNZ 2024 & DESNZ 2025), using the GWPs published in the IPCC Fifth Assessment Report (AR5).
    - NXP Carbon Reduction Certificate issued by the Carbon Reduction Institute under their $NoCO_2$ Certification Program (23rd May 2025).

Our capital goods and spend-based purchased goods and services emissions have been calculated using spend-based emissions factors sourced from thinkstep-anz Emission Factors for New Zealand: Greenhouse Gas Emission Intensities for Commodities and Industries v3.0 which uses GWP from the Intergovernmental Panel on Climate Change fifth assessment report (AR5). These spend-based emission factors have been matched to high level spend categories. A calculation methodology has been used for quantifying this emissions estimate based on the following calculation approach: emissions = $ spend data x emissions factor.

### Emission Sources.

We source our emissions data from third-party suppliers as well as Westpac NZ's internal systems. It is assumed that invoice and report data is complete and accurate when received from our third-party suppliers. Uncertainty still exists where activity data has been estimated, accrued, based on $ spend or pre-calculated $tCO_2e$.

### Independent assurance.

KPMG have issued a limited assurance opinion over our Scope 1, Scope 2 and Scope 3 GHG emissions, including our operational emissions for FY25, as set out in the Assurance Report on page 54. Our operational emissions have also been certified by Toitū Envirocare and comply with ISO 14064-3:2019 and Toitū net carbonzero Programme Technical Requirements for the 1 October 2024 to 30 September 2025 financial year.

### Operational emissions categories.

Westpac NZ's operational emissions consist of Scope 1, 2 and 3 emissions:

- Scope 1 operational emissions are those GHG emissions released into the atmosphere as a result of Westpac NZ's direct operations.
- Scope 2 operational emissions are indirect GHG emissions from the consumption of purchased electricity by Westpac NZ.
- Scope 3 operational emissions are indirect GHG emissions that occur in our supply chain which exclude Scope 3 financed emissions and Scope 3 facilitated emissions.

Table 29 below details our Scope 1, Scope 2 and Scope 3 operational emissions including the details on the activity, data sources and key assumptions. It outlines the emissions of $tCO_2e$ for FY25, FY24, FY23 and our base year FY19 and the residual emissions we offset in FY25.

### Measurement uncertainty.

Understanding or quantifying the impact of uncertainty on an entity's emissions inventory is subjective. To assess the level of uncertainty within our operational emissions inventory we have applied the following framework, developed with reference to the GHG Protocol's 'Guidance for Calculating Measurement and Estimation Uncertainty for GHG Emissions'.

| Measurement uncertainty | Description |
|---|---|
| Very low | High confidence in data; based on direct measurements using calibrated instruments |
| Low | Data from reliable sources; some reliance on assumptions |
| Moderate | Estimated data; moderate reliance on assumptions |
| High | Poor data quality; high reliance on assumptions |

**Table 29: Scope 1, 2 and 3 operational emissions.**

| Key | | | |
|---|---|---|---|
| | Fully reported material categories in our operational emissions | × | Residual emissions that are not offset |
| | Excluded from operational emissions inventory or assessed as immaterial | ✓ | Residual emissions that are offset with carbon credits (subject to Toitū audit and certification) |
| | Financed Emissions are reported separately, see page 40 | Carbon neutral | Residual emissions that are not offset as they are certified carbon neutral |
| | | RECs | Residual emissions that are offset with Renewable Energy Certificates |

| | Activity | Units | Data sources | Key assumptions and limitations that may involve uncertainty | FY25 ($tCO_2e$) | Residual emissions offset | FY24 ($tCO_2e$) | FY23 ($tCO_2e$) | FY19 ($tCO_2e$) |
|---|---|---|---|---|---|---|---|---|---|
| **GHG Scope 1 categories** | | | | | | | | | |
| Stationary combustion | Diesel consumed in the use of backup generators at sites under the operational control of Westpac NZ. | l | Third-party supplier fuel delivery/maintenance records. | No material assumptions and limitations that may involve uncertainty. Low measurement uncertainty. | 121 | ✓ | 177 | 289 | 386 |
| | LPG consumed for stationary purposes at sites under the operational control of Westpac NZ. | kWh | Third-party supplier consumption report based on invoice records provided by LPG suppliers. | Where invoices have not been received, consumption is based on historical usage. Low measurement uncertainty. | | | | | |
| | Natural Gas consumed for stationary purposes at sites under the operational control of Westpac NZ. | kWh | Third-party supplier consumption report based on invoice records provided by Landlords. | Where invoices have not been received, consumption is based on historical usage. Low measurement uncertainty. | | | | | |
| Transport Energy | Petrol and diesel used for transport purposes by fleet vehicles (whether they are owned or leased) under the operational control of Westpac NZ. | l | Fleet provider fuel transaction report. | No material assumptions and limitations that may involve uncertainty. Low measurement uncertainty. | 466 | ✓ | 522 | 581 | 1,164 |
| Leakage of refrigerant | Refrigerant used in commercial air conditioning units and refrigeration units owned and maintained by Westpac NZ. | Kg | Third-party supplier asset report. | Activity data is based on the refrigerant capacity and type, applying a leakage rate to the total volume of refrigerant that is based on the size of the system and the type of refrigerant. Leakage rates may be higher or lower than actual refrigerant leakage. Moderate measurement uncertainty. | 66 | ✓ | 69 | 85 | 107 |
| **Total scope 1** | | | | | 653 | | 768 | 955 | 1,657 |
| **GHG Scope 2 categories** | | | | | | | | | |
| Electricity consumption | Electricity used by ATMS, retail and corporate sites including on-site electric vehicle charging stations under Westpac NZ's operational control. | kWh | Third-party supplier consumption report for direct usage based on invoice records provided by electricity retailer and Landlords. Indirect usage for unmetered ATMs and shared corporate and retail sites. | Where electricity invoices have not been received, consumption is based on historical usage. Where electricity from an ATM is not metered, data is estimated based on a metered ATM. Where a site is not standalone, electricity use is assessed against standalone sites using average intensities kWh/m2). A top up of estimated electricity consumed is based on the difference in actual EUI and the average intensity assigned to a site based on several factors such as days and hours of operation. Moderate measurement uncertainty. | 1,232 | RECs | 952 | 977 | 1,941 |
| **Total scope 2** | | | | | 1,232 | | 952 | 977 | 1,941 |

| | Activity | Units | Data sources | Key assumptions and limitations that may involve uncertainty | FY25 ($tCO_2e$) | Residual emissions offset | FY24 ($tCO_2e$) | FY23 ($tCO_2e$) | FY19 ($tCO_2e$) |
|---|---|---|---|---|---|---|---|---|---|
| **GHG Scope 3 categories** | | | | | | | | | |
| Category 1: Purchased goods and services | Data centre electricity consumption. | kWh | Third-party supplier invoices and consumption reports. | No material assumptions and limitations that may involve uncertainty. Moderate measurement uncertainty. | 782 | ✓ & RECs | 516 | 475 | 952 |
| | Offsite electric vehicle charging electricity consumption. | kWh | Fleet provider fuel transaction report. | | | ✓ | | | |
| | Paper (carbon neutral) consumed at our corporate and retail sites. | t | Third-party supplier transaction report. | | | Carbon neutral | | | |
| | Paper (non-carbon neutral) used by our key suppliers for producing materials for communication to our customers and consumption of paper at our corporate and retail sites. | Kg | Third-party key supplier transaction reports. | Only key suppliers are included for paper used for producing materials for communication to our customers. Moderate measurement uncertainty. | | ✓ | | | |
| | Spend based purchased goods and services. | $ | Internal transaction report from Westpac NZ Finance excluding Capital Goods (as per Category 2: Capital Goods below). | Invoice coding to general ledger account codes is assumed to be correct. The methodology relies on high-level categorisation of spend and commodity-based emission factors. The calculation is a high-level estimate, that does not utilise supplier specific information. High measurement uncertainty. | 46,397 | × | NR | NR | NR |
| Category 2: Capital goods | Capital goods. | $ | Internal transaction report from Westpac NZ Finance for spend data for computer equipment, leasehold improvements, furniture & fittings and office machinery. | Invoice coding to general ledger account codes is assumed to be correct. The methodology relies on high-level categorisation of spend and commodity-based emission factors. The calculation is a high-level estimate, that does not utilise supplier specific information. High measurement uncertainty. | 13,503 | × | NR | NR | NR |
| Category 3: Fuel and energy related-activities (that are not included in Scope 1 or 2) | Transmission and distribution 'T&D' losses for electricity and natural gas that are attributable to Westpac NZ. | kWh | Third-party supplier consumption reports for Scope 1 natural gas, Scope 2 purchased electricity, Scope 3 electricity for data centres and transaction reports for Scope 3 electricity for off-site electric vehicle charging. | These emissions are calculated using a location-based methodology. Where invoices have not been received, consumption is based on historical usage. Moderate measurement uncertainty (electricity) Low measurement uncertainty (natural gas). | 146 | ✓ | 105 | 125 | 213 |
| Category 4: Upstream transportation and distribution | Freight of cash. | l | Third-party supplier report for Westpac NZ's % share of total cash services and fuel consumption report. | Freight of cash is a shared service. Emissions may be over or understated. Moderate measurement uncertainty. | 221 | ✓ | NR | NR | NR |
| Category 5: Waste generated in operations | Waste to landfill. | Kg | Third-party supplier transaction report for corporate and retail sites. | Waste to landfill from our retail sites is estimated based on rubbish bag capacity. High measurement uncertainty. | 16 | ✓ | 16 | 16 | 24 |

| | Activity | Units | Data sources | Key assumptions and limitations that may involve uncertainty | FY25 ($tCO_2e$) | Residual emissions offset | FY24 ($tCO_2e$) | FY23 ($tCO_2e$) | FY19 ($tCO_2e$) |
|---|---|---|---|---|---|---|---|---|---|
| **GHG Scope 3 categories (continued)** | | | | | | | | | |
| Category 6: Business travel | Air travel. | Km | Third-party travel provider transaction report. | Changes in travel arrangements can lead to data uncertainty. Moderate measurement uncertainty. | 1,102 | ✓ | 1,113 | 1,484 | 2,555 |
| | Accommodation. | Nights stayed | Third-party travel provider transaction report. | Changes in travel arrangements can lead to data uncertainty. Moderate measurement uncertainty. | | | | | |
| | Private vehicles used for business purposes. | Km | Internal transactional reports from Westpac NZ HR from our expense claim system for employee reimbursement of mileage. | A default petrol emission factor has been used due to data being unavailable by petrol type. Moderate measurement uncertainty. | | | | | |
| | Rental Car. | Km | Third-party travel provider and rental car supplier transaction reports. | Travel provider is unable to supply km travelled only $ spend. We have converted the $ spend to km travelled using an average per km cost from our rental car third-party supplier. Data from our travel provider accounts for 11% of total rental car kms. Moderate measurement uncertainty. | | | | | |
| | Taxi. | Km | Third-party supplier transaction report. | No material assumptions and limitations that may involve uncertainty. Moderate measurement uncertainty. | | | | | |
| | | $ | Internal transaction report from Westpac NZ Finance for supplier spend, staff purchasing card expenses and internal expense claim system for employee reimbursement of taxi use. | Limitations due to a spend-based method rather than distance travelled. Moderate measurement uncertainty. | | | | | |
| | | $tCO_2e$ | Third-party supplier pre-calculated report of emissions for their services. | Third-party supplier estimates of on-trip $CO_2$ tailpipe emissions (not guarantees of actual emissions) based on supplier's methodology, involving average fuel-efficiency ratings for similar vehicles and certain data from third parties. Moderate measurement uncertainty. | | | | | |
| Category 7: Employee commuting | Employee commuting. | Km | Internal summarised report incorporating data from Westpac NZ's HR records and Security swipe system overlaid with means of travel data from Statistics NZ 2023 Census. | It is assumed that if a corporate employee is scheduled to work, is not on leave and has swiped into a corporate site then they have commuted to work. All retail site employees who are scheduled to work are assumed to have commuted to work due to data limitations. High measurement uncertainty. | 4,323 | × | NR | NR | NR |
| | Working from home. | Employee days | Internal summarised report incorporating data from Westpac NZ's HR and Security swipe system. | It is assumed that if a corporate employee is scheduled to work, is not on leave, their usual place of work is a corporate site and they did not swipe in on that day, then the employee is working from home. If an employee is travelling for business, they are included in working from home as we are unable to identify business travel in the methodology. High measurement uncertainty. | 202 | ✓ | 154 | 154 | NR |
| Category 8: Upstream leased assets | Not applicable - excluded. | | | | | | | | |
| Category 9: Downstream transportation and | Not applicable - excluded. | | | | | | | | |
| Category 10: Processing of sold products | Not applicable - excluded. | | | | | | | | |
| Category 11: Use of sold products | Not applicable - excluded. | | | | | | | | |
| Category 12: End-of-life treatment of sold products | Based on initial screening this category is not considered material. | | | | | | | | |
| Category 13: Downstream leased assets | Based on initial screening this category is not considered material. | | | | | | | | |
| Category 14: Franchises | Not applicable - excluded. | | | | | | | | |
| Category 15: Investments | See financed emissions on page 40. | | | | | | | | |
| **Total scope 3** | | | | | 66,690 | | 2,047 | 2,512 | 3,744 |

# Appendix 2: Scenario analysis narratives

This Appendix sets out summaries of the scenario narratives developed with the assistance of an external consultant "Informed.City" as plausible yet challenging future scenarios against which to test the resilience of our business strategy.

## Overview of scenarios.

**1. New Zealand Banking Association Orderly Transition scenario.**

The climate crisis is recognised and leads to unprecedented cooperation and innovation. Despite globally coordinated efforts, constraints in supply chains initially hinder Aotearoa's transition. Industrial innovation, supported by proactive policy eventually places Aotearoa in an optimum position to focus its investments on resilience and climate-tech.

Serious climate events in 2025 and 2026 led to global acceptance that immediate, coordinated action is required to avert a climate crisis. At COP30, an ambitious "Belém Accord" ushers in an era of global cooperation with one objective: "to hold at 1.5". Regulation rapidly pivots to transform the global economy, strengthening the Global Methane Pledge to secure the decrease of high impact GHG emissions. Fossil fuel subsidies are removed and emissions pricing that accurately internalises the external costs of GHG emissions is adopted across the globe. In Aotearoa, methane is brought into the Emissions Trading Scheme, local government is mandated to conduct risk averse planning and a "just transition" agency is established.

Aotearoa struggles to secure the supplies and expertise required to decarbonise and build resilience, but benefits from EV availability, which now dominate. Consumer preferences shift away from high cost, high emission activities and diets. The livestock sector embraces stakeholder demands for decarbonisation and develops world-leading green alternative proteins. Vulnerable areas experience property insurance costs increase or become unaffordable and house values adjust to reflect risk. Towards the end of the 2020s, the local economy slows.

Between 2030 and 2040, technological innovations in carbon dioxide removal emerge as scalable solutions. Aotearoa is able to access materials to improve building stock, infrastructure and renewable energy materials, shifting the local energy mix. By 2035, the livestock sector benefits from exporting cutting-edge solutions that enhance productivity and restore ecosystems. Central government intervenes to restructure electricity and enable smart grids, and raise finance through green bonds while Local Governments issue bonds to fund adaptation efforts. Global insurance markets start to reflect increased resilience and enhanced risk-based data.

From 2040, green investment and sustainable practices are standard across the global economy. Aotearoa benefits from the long-term planning and innovation of the past decade, including managed retreat and the "just transition" agency. Vulnerable communities were safeguarded and empowered to participate in the agri-tech economy. Reduction in livestock numbers ease pressure on water systems, increasing resilience to drought. Carbon sequestration increases by 2050 due to large areas of land with marginal livestock farms being converted to horticulture or afforested. The focus shifts to innovation and resilience, with urban centres thriving and capital inflows increasing as tech firms are attracted to the comparatively stable climate and socio-economic situation.

**2. Network for Greening the Financing System Too Little, Too Late scenario.**

Initially, there is a period of global climate inaction, which Aotearoa follows. In the 2030s, it is compelled to address resilience much earlier than other countries due to a series of damaging climatic events. In 2040 as climate action increases globally, Aotearoa has secured the knowledge and industry it needs to cope with reduced supply chains and the decline of its livestock sector.

The late 2020s are marked by fragmented and delayed global responses to climate change, including in Aotearoa, where frequent adverse weather events increase household costs. Strained infrastructure leads to local government rates increases as well as insurance premiums. Larger real estate companies ensure that their portfolios meet high efficiency and resilience standards, while the electricity grid continues to decarbonise despite slow growth in demand. Cheap pricing doubles the uptake of rooftop solar, while EV uptake is not supported by policy and limited. Dairy and meat exports boom.

From 2030, consumers opt for energy efficient and resilient buildings, impacting property values. Properties incapable of transitioning face stranding. In 2032, an atmospheric river hits the North Island, especially Tauranga and Hawkes Bay. Recovery is slow with no compensation for those who knowingly purchased in hazard areas. A coastal hazards assessment reports significant vulnerability, including in Auckland and Wellington. Affected properties, builders and developers suffer losses, while community protests erupt. The central Government pivots, introducing measures to fund climate resilience (including a climate resilience fee), raising foreign capital and issuing green bonds. Aotearoa secures supply chains for investments in infrastructure and electrification, and after several years achieves a renewable grid with long-term storage, solar and biofuels. International expatriates are attracted by the country's direction and relative safety. Resilient horticulture practices increase although not all businesses have the ability to adapt to the changing weather patterns.

Global concern rises from 2040 with countries' attempts to improve economic resilience, causing critical supply shortages. Following a decade of action, Aotearoa has built knowledge industries and an emissions-competitive livestock sector to ensure a favourable balance of payments. Carbon sequestration increases through afforestation of farming land. Two highly damaging climate events harm rural communities. By 2050, the global temperature increase reaches 2.1°C severely testing adaptation measures. Aotearoa fares better than some with access to offshore markets through a mature sustainable knowledge base, and afforestation attracting high-end, low carbon tourism.

**3. New Zealand Banking Association Hot House World scenario.**

By 2050 the globe's temperature has reached the upper bounds of projections, tipping the planet into a new climatic state. Unchecked market forces, environmental degradation, and delayed adaptation efforts have exacerbated climate risks. Aotearoa's environment has transformed significantly, with extreme weather and damaged ecosystems, which have not benefitted from any afforestation, now the norm.

From 2025, global governments begin defunding social and environmental institutions. Emissions become locked in for decades due to trillions in capital expenditure in fossil fuels. In Aotearoa, funding for many services and infrastructure gives way to tax cuts. Environmental impact assessment requirements and environmental protection regulation is eroded. Construction advances into areas exposed to future climate hazards. Prolonged dry periods across the country cause losses in the dairy and livestock sectors.

By 2031, the 30-year average global temperature reaches 1.5°C above industrial levels. Global demand for building materials surges to repair damage from extreme weather. Resultant price pressures are compounded by extreme weather disrupting key supply chains. Demand for NZ's agricultural exports rise as global food production systems suffer. Australians and returning expatriates seek refuge in NZ's cooler environment, but rapid population growth sends housing and food costs soaring.

As 2035 approaches, poorly funded infrastructure and public housing strain to support 6.5 million people. Frequent, intense rainfall, destructive hailstorms, increasingly severe cyclones and atmospheric rivers wreak havoc across the country, repeatedly damaging key infrastructure. In 2039, a powerful cyclone strikes Northland, Auckland, and Tauranga. Many people in both rural and metropolitan areas have no electricity or internet for weeks and Auckland's Harbour Bridge closes for 8 months. Reconstruction is slow, as a decade of insurance withdrawal exposes the true cost of unfinanced recovery. Government funding is limited and prioritises high-density inner-city suburbs.

By 2040, earlier adaptation efforts are clearly insufficient, coastal flood risk continues to increase with updated assessments revealing half a million homes at significant flood risk. Key crops become unviable and even farms with irrigation systems cannot withstand multi-year droughts.

In 2045, the temperature increase is above 2.5°C, and the Atlantic Meridional Overturning Circulation slows. After years of disappointing returns and multiple catastrophic losses, the insurance market collapses. By 2050, in a global state of climate crisis, domestic food security is prioritised above all else and geopolitical tensions rise, leaving Aotearoa vulnerable.

# Appendix 3: Physical risk assessment methodology and limitations

This Appendix introduces important information in relation to the coastal inundation and rainfall flooding physical risk metrics in the Physical risk section above and covers further information on the scenarios and limitations that are common to those metrics.

The physical risk assessment conducted to generate the metrics in the Physical Risk section of Climate Analysis above was carried out by internal subject matter experts, supported by new data and modelling available from Aotearoa -based climate science experts ClimSystems Ltd. This assessment was undertaken separately from the qualitative scenario analysis exercise.

## Overview of SSP-based scenarios in physical risk analysis.

The Shared Socioeconomic Pathways (SSPs)[3] are not climate scenarios themselves, but rather socioeconomic narratives that describe plausible future developments in demographics, economics, technology, and policy. These pathways provide the context for climate modellers to simulate future climate conditions under various greenhouse gas emissions trajectories.

In CMIP6, the latest available phase of the Coupled Model Intercomparison Project, SSPs are paired with updated radiative forcing targets to form integrated scenarios (e.g., SSP1-2.6, SSP2-4.5, SSP5-8.5). These SSP-based scenarios are used in climate model experiments assessed by the Intergovernmental Panel on Climate Change (IPCC) in its Sixth Assessment Report (AR6). CMIP6 uses an ensemble of Earth system models to simulate a range of future climate outcomes based on these SSP-based scenarios. This report draws on CMIP6 modelled climate data generated using three such scenarios described below.

The SSPs underpin Westpac NZ's assessment of physical climate risk, but they also introduce uncertainty. This stems from the fact that SSPs are narrative-based frameworks, not predictive models. They do not follow a strict economic theory with defined causal mechanisms, and they do not assign probabilities to future outcomes. Instead, they offer structured storylines to explore how different societal choices might influence climate futures. A summary of each SSP referenced in this report is provided below:

1. SSP1-2.6: This scenario represents a sustainable world with low challenges to mitigation and adaptation. Its best estimate is a temperature projection of 1.5ºC warming in the near term (2021 - 2040), 1.7ºC in the mid term (2041 - 2060) and 1.8ºC long term (2081 - 2100).
2. SSP2-4.5: Known as the "Middle of the Road" scenario, it assumes that social, economic, and technological trends follow historical patterns. This scenario results in intermediate greenhouse gas emissions and a temperature projection of 1.5ºC warming in the near term (2021 - 2040), 2.0ºC in the mid term (2041 - 2060) and 2.7ºC long term (2081 - 2100).
3. SSP5-8.5: This scenario describes a fossil-fuelled world with high challenges to mitigation and adaptation, leading to high greenhouse gas emissions and significant global warming resulting in a temperature projection of 1.6ºC warming in the near term (2021 - 2040), 2.4ºC in the mid term (2041 - 2060) and 4.4ºC long term (2081 - 2100).

The rainfall flooding and coastal inundation metrics disclosed are based on climate data as at 2030, 2040 and 2050. These points in time fall within the short and medium time frames of the climate scenarios explained above.

## Overview of limitations that apply to all physical risk metrics.

### Limitations inherent in climate scenarios and models.

The SSP-based scenarios incorporate assumptions about future socioeconomic developments, such as population growth, economic trends, and technological advancements. They are not projections or forecasts, and the real world may deviate significantly.

[3] Intergovernmental Panel on Climate Change SSP-RCP scenarios | Ministry for the Environment

Climate models produce a range of probabilistic outcomes due to the complex and variable nature of the Earth's climate system. Converting probabilistic outcomes into a deterministic measure of physical risk incorporates inherent uncertainties but is the best approach we have available at present.

### Scope.

The assessment of physical risk is limited to exposures (i.e.. bank assets) that are linked to a physical landed security. We have not extended to scope to equipment financing, unsecured lending such as credit cards or to external mortgage-backed securitisations. We have also not examined any potential physical risk impacts on bank liquidity. A climate related event could prompt customers to withdraw cash from ATMs, liquidate their term deposits or make drawdowns on lines of credit, impacting the Bank's loan-to-deposit ratios for example. This is currently out of scope.

### Data quality.

Identification of potential exposure to physical risk relies on location-based information. This information can be incomplete or of insufficient granularity in some instances.

The metrics represent outputs based on the use of absolute cut-offs to delineate whether a property may be considered Exposed, Highly Exposed or Vulnerable. For example, damage profiles rely on a certain depth and flood coverage of a parcel of land in a modelled flood event. We recognise that the difference between, for example, a flood height that is 1 cm higher or lower is not meaningful, but a cut-off is required to categorise the risk.

### Climate hazards treated as isolated events.

Each hazard is currently treated as an isolated hazard. The assessment does not produce a compounding, cascading or cumulative impact at the location. For example we have not integrated the risk of a rainfall triggered landslide with rainfall flooding.

### Attributes of individual properties are not considered.

It is not currently possible to evaluate vulnerability of the portfolio taking into account individual attributes of properties. Examples to illustrate how attributes of a property may influence the impact of climate hazards include:

- the elevation of buildings, assets, location of assets or equipment on a parcel of land
- details of land use, for example types of grazing or crops on agricultural land
- the age of buildings, their interior layout or construction materials.

### Mitigation measures are not modelled.

Potential future mitigants that might reduce the impact of physical climate hazards are not modelled. Examples to illustrate how features may influence the impact of climate hazards include:

- early warning systems
- future changes in land use.

# Independent Limited Assurance Report to Westpac New Zealand Limited

## Conclusion.

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that, in all material respects, the scope 1, 2 and 3 gross greenhouse gas (GHG) emissions, additional required disclosures of scope 1, 2 and 3 gross greenhouse gas emissions and scope 1, 2 and 3 gross greenhouse gas emissions methods, assumptions and estimation uncertainty disclosures included in the Westpac New Zealand Climate Report on pages 9 to 12 and 39 to 51 (GHG disclosures) are not fairly presented and prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (the criteria) for the period 1 October 2024 to 30 September 2025.

## Information subject to assurance.

We have performed an engagement to provide limited assurance in relation to Westpac New Zealand Limited's GHG disclosures for the year ended 30 September 2025.

Our conclusion on the GHG disclosures does not extend to any other information included, or referred to, in the Climate Report:

1. Climate-related disclosures on pages 1 to 8, 13 to 38 and 52 to 57; and
2. Any GHG Emission Intensity (referenced throughout).

We have not performed any procedures with respect to the other information.

## Criteria.

The criteria used as the basis of reporting include the NZ CSs. As disclosed on page 39 of the Westpac New Zealand Climate Report, the greenhouse gas emissions have been measured in accordance with the World Business Council for Sustainable Development's Greenhouse Gas Protocol standards and guidance (collectively, the GHG Protocol):

1. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition);
2. The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard; and
3. Partnership for Carbon Accounting Financials (2022): The Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition (PCAF).

As a result, this report may not be suitable for another purpose.

## Standards we followed.

We conducted our limited assurance engagement in accordance with New Zealand Standard on Assurance Engagements 1 (NZ SAE 1) Assurance Engagements over Greenhouse Gas Emissions Disclosures and International Standard on Assurance Engagements (New Zealand) 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE (NZ) 3410) issued by the New Zealand Auditing and Assurance Standards Board (Standard). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our responsibilities under the Standard are further described in the 'Our responsibility' section of our report.

## Other Matter.

The Scope 1, 2 and 3 gross GHG emissions for year ending 30 September 2023 and 30 September 2019 was not subject to our limited assurance engagement and, accordingly, we do not express a conclusion, or provide any assurance on such information.

Our conclusion is not modified with respect to this matter.

## How to interpret limited assurance and material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Misstatements, including omissions, within the GHG disclosures are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the GHG disclosures.

## Inherent limitations.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

## Use of this assurance report.

Our report is made solely for Westpac New Zealand Limited. Our assurance work has been undertaken so that we might state to Westpac New Zealand Limited those matters we are required to state to them in the assurance report and for no other purpose.

Our report should not be regarded as suitable to be used or relied on by anyone other than Westpac New Zealand Limited for any purpose or in any context. Any other person who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to anyone other than Westpac New Zealand Limited for our work, for this independent assurance report, and/or for the opinions or conclusions we have reached.

Our conclusion is not modified in respect of this matter.

## Westpac New Zealand Limited's responsibility for the GHG disclosures.

The Directors of Westpac New Zealand Limited are responsible for the preparation and fair presentation of the GHG disclosures in accordance with the criteria. This responsibility includes the design, implementation and maintenance of such internal control as Directors of Westpac New Zealand Limited determine is relevant to enable the preparation of the GHG disclosures that are free from material misstatement whether due to fraud or error.

The Directors of Westpac New Zealand Limited are also responsible for selecting or developing suitable criteria for preparing the GHG disclosures and appropriately referring to or describing the criteria used.

## Our responsibility.

We have responsibility for:

- planning and performing the engagement to obtain limited assurance about whether the GHG disclosures are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to Westpac New Zealand Limited.

## Summary of the work we performed as the basis for our conclusion.

A limited assurance engagement performed in accordance with the Standard involves assessing the suitability in the circumstances of Westpac New Zealand Limited's use of the criteria as the basis for the preparation of the GHG disclosures, assessing the risks of material misstatement of the GHG disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG disclosures.

We exercised professional judgment and maintained professional scepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the GHG disclosures that is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on the understanding of the GHG disclosures that is sufficient and appropriate to provide a basis for our conclusion. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

In undertaking limited assurance on the GHG disclosures the procedures we primarily performed were:

- obtained, through inquiries, an understanding of the Westpac New Zealand Limited's control environment, processes and information systems relevant to the preparation of the GHG disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- evaluated whether the Westpac New Zealand Limited's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Westpac New Zealand Limited's estimates;
- performed analytical procedures on particular emission categories by comparing the expected GHGs emitted to actual GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified;
- agreed a selection of GHG emissions data to relevant underlying source documents and re-performed emission factor calculations for a limited number of items;
- for a limited number of items, assessed the reasonableness of key inputs in the financed emissions calculations by agreeing them to source documentation or underlying systems;
- recalculated financed emissions for a limited number of items for all significant asset classes;
- assessed the financed emissions methodology against the requirements of the PCAF criteria; and
- considered the presentation and disclosures of the GHG emissions and explanatory notes against the relevant requirements of the NZ CS.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## Our independence and quality management.

This assurance engagement was undertaken in accordance with NZ SAE 1. NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (PES 3), which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have also complied with Professional and Ethical Standard 4 Engagement Quality Reviews (PES 4) which deals with the appointment and eligibility of the engagement quality reviewer and the engagement quality reviewer's responsibilities relating to the performance and documentation of an engagement quality review.

Our firm has also provided other services in relation to the statutory audit of the financial statements, regulatory compliance assurance, and agreed upon procedures to Westpac New Zealand Limited. Subject to certain restrictions, partners and employees of our firm may also deal with Westpac New Zealand Limited on normal terms within the ordinary course of trading activities of the business of Westpac New Zealand Limited. These matters have not impaired our independence as assurance providers of Westpac New Zealand Limited for this engagement. The firm has no other relationship with, or interest in, Westpac New Zealand Limited.

As we are engaged to form an independent conclusion on the GHG disclosures prepared by Westpac New Zealand Limited, we are not permitted to be involved in the preparation of the GHG disclosures as doing so may compromise our independence.

The engagement partner on the assurance engagement resulting in this independent assurance report is Sonia Isaac.

KPMG

**KPMG**

KPMG Auckland

27 November 2025

## Abbreviations

| Term | Definition |
|---|---|
| ANZSIC | Australian and New Zealand Standard Industrial Classification |
| GHG | Greenhouse Gas |
| $CO_2$ | Carbon dioxide |
| $CH_4$ | Methane |
| HFCs | Hydrofluorocarbons |
| $NF_3$ | Nitrogen trifluoride |
| $N_2O$ | Nitrous oxide |
| PFCs | Perfluorocarbons |
| $SF_6$ | Sulphur hexafluoride |
| GWP | Global Warming Potential |
| IEA | International Energy Agency |
| IPCC | Intergovernmental Panel on Climate Change |
| NIWA | National Institute of Water and Atmospheric Research |
| NR | Not reported |
| NZ CS | Aotearoa New Zealand Climate Standards |
| PCAF | The Partnership for Carbon Accounting Financials: carbonaccountingfinancials.com |
| RBNZ | Reserve Bank of New Zealand – Te Pūtea Matua https://www.rbnz.govt.nz/ |
| RECs | Renewable Energy Certificates |
| RCPs | Representative Concentration Pathways |
| SBTi | Science-based Targets Initiative |
| SSPs | Shared Socioeconomic Pathways |
| SBTi FLAG | The SBTi Forest, Land and Agriculture |
| TCE | Total Committed Exposure |

## Glossary of terms

| Term | Definition |
|---|---|
| Exposure | The IPCC defines as exposure as the presence of people; livelihoods; species or ecosystems; environmental functions, services, and resources; infrastructure; or economic, social, or cultural assets in places and settings that could be adversely affected. |
| Fat and protein corrected milk | Standard used for comparing milk with different fat and protein contents, to allow better comparison between farms and regions, reducing the difference between breeds or feeding regimes. |
| Hazard | The IPCC defines hazards as the potential occurrence of a natural or human-induced physical event or trend that may cause loss of life, injury, or other health impacts, as well as damage and loss to property, infrastructure, livelihoods, service provision, ecosystems and environmental resources. |
| Outstanding Balance | The amount lent to customers, excluding any approved but undrawn facilities or limits. |
| QEII National Trust (QEII) https://qeiinationaltrust.org.nz/ | An independent charitable trust that works with landowners to protect native biodiversity and cultural heritage values on land across Aotearoa. QEII partners with landowners to protect biodiversity on private land, including whenua Māori. They do this by helping owners place a covenant over the land they want to protect. |
| Reference scenario | A projection of possible future outcomes based on certain set of climate and social parameters. |

| Term | Definition |
|---|---|
| Sustainable Farm Standard | The Westpac NZ Sustainable Farm Standard is designed as an all-of-farm sustainability criteria designed by AsureQuality exclusively for Westpac and is equivalent to the Sustainable Agriculture Finance Initiative Phase One Guidance for Livestock. |
| Sustainable lending | Sustainable lending refers to lending that is assessed as aligning to the WBC Sustainable Finance Framework. This includes green, social, sustainability and sustainability-linked loans designated as supporting environmental and/or social assets and activities under programmes that have been assured or verified as aligning with relevant industry standards, principles, and guidance. |
| Three Lines of Defence (3LoD) | The industry standard for managing risk. Each Line of Defence has a defined role that helps us deliver effective risk management outcomes. The 3LoD Model sets out how people are expected to act to proactively manage risk.<br>· First Line: Own and manage end-to-end risks<br>· Second Line: Risk specialists that provide independent oversight, insight and control<br>· Third Line: Independent assurance |
| Toitū net carbonzero certification | A programme verified by Toitū Envirocare to measure greenhouse gas emissions and manage, reduce and offset impacts to achieve a neutral balance. |
| Total Committed Exposure (TCE) | The maximum amount of credit exposure, excluding Transaction Risk and Settlement Risk exposures, which Westpac NZ is committed to incur, via one or more facilities, to a customer. |
| Transaction Managed | Transaction managed exposures are individually managed customers. This is unlike program-managed exposures, which are managed on a statistical pooled basis. An exposure is defined as Transaction managed where Credit Aggregated Group business product TCE of ≥$1m, or <$1m where complex products are held. |
| Westpac Group's Climate Change Position | Sets out our positions on key climate change risks and opportunities and provides the framework within which we seek to conduct business, support customers and engage with stakeholders. It outlines the actions that drive our focus and guide our people as we seek to become a net-zero, climate resilient bank. |
| WBC Sustainable Finance Framework | A framework published by WBC setting out how Westpac Group assesses, monitors, measures and reports on sustainable lending and bond facilitation. |
| 1.5°C pathway to net-zero by 2050 | A pathway to net-zero by mid-century, or sooner, including $CO_2$-e emissions reaching net-zero at the latest by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. |

TOGETHER GREATER

MAHI TAHI TĀTOU
KAHA AKE TĀTOU

Westpac New Zealand Limited.