SUSTAINABLE INVESTMENT POLICY

October 2025

Contents

1. About this Policy.

This Sustainable Investment Policy (Policy) sets out our approach to incorporating sustainable investment in the investment process.

1.1 Scope of this Policy.

This Policy relates to BT Funds Management (NZ) Limited (BTNZ, we, us, our), the investment arm of Westpac in New Zealand. BTNZ is a licensed managed investment scheme manager regulated by the Financial Markets Authority.

This Policy applies to the investment management services provided by BTNZ. These include our management of the Westpac KiwiSaver Scheme, the Westpac Active Series, the Westpac Retirement Plan, and the Westpac Wholesale Unit Trusts into which the schemes invest and that are also utilised by third party institutions or schemes[1].

This Policy sets out the general approach to incorporating sustainable investment into our investment decision making; it does not provide in-depth details of the processes applied to implementation. This Policy is implemented by BTNZ both directly, and through external underlying investment managers.

1.2 Responsibility and accountability.

This Policy is approved by the BTNZ Investment Committee (BTIC).

The BTNZ Head of Investment Solutions and the Investment Solutions team are responsible for implementing this Policy.

Oversight of the implementation of this Policy rests with the BTNZ Board, BTIC and the Chief Executive Officer of BTNZ.

The BTNZ Board is responsible for monitoring performance against this Policy.

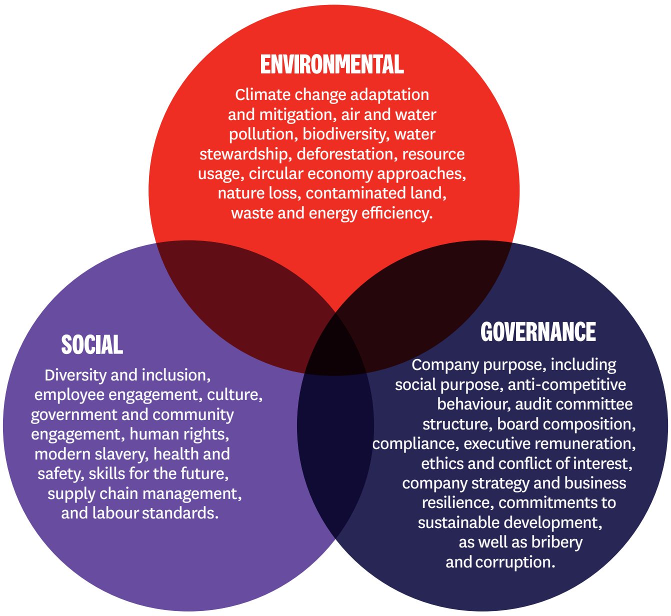
1.3 Policy review.

Approaches to sustainable investment are constantly evolving and maturing. As such, our sustainable investment approach is not 'set and forget'. Rather, we strive to continuously improve. We will review this Policy biennially, or more frequently as required, to ensure it remains current and fit-for-purpose.

2. What is sustainable investment?

Sustainable investment involves the incorporation of environmental, social and governance (ESG) factors across the investment process with the objective of creating and preserving long-term value.

ESG factors should be assessed in different contexts, as appropriate. For example, some factors may be important to a particular company or other issuer, others may impact a certain country or industry, while others may be globally relevant.



2.1 Our sustainable investment beliefs.

At BTNZ, we believe that:

- Investing sustainably is in the best interests of our investors by helping us better manage investment risks and pursue opportunities, while contributing to positive environmental, social, and economic outcomes.
- It is important to continuously improve sustainable investment practices through a best practice approach.
- It is important to objectively measure and transparently disclose progress in implementing this Policy.

2.2 Our approach to sustainable investment.

Our approach to sustainable investment focuses on four key pillars:

- **Exclusions** - We do not invest in companies and other issuers that operate outside of our sustainable investment criteria.
- **ESG integration** - The assessment of environmental, social and governance factors in the investment process.
- **Stewardship** - The responsible management of our customers' investments to create and preserve long-term value.
- **Sustainable themes** - Pursuing opportunities and contributing to positive environmental outcomes.

[1] This Policy does not apply to the products known as the Westpac banking PIE funds, which invest solely in deposits with Westpac New Zealand Limited.

2.3 How will sustainable investment affect my investment returns?

We believe that investing sustainably helps us better manage investment risks and pursue opportunities, which supports financial performance over the long-term. Our sustainable investment approach means we do not invest in certain companies and other issuers that fall outside of our sustainable investment criteria. We recognise this means there are fewer investments that we can choose from, which may impact financial performance over some timeframes.

We have fully factored the integration of the Policy into our disclosed fees.

3. Our industry memberships and collaborations.

We take our responsibilities for the integration of sustainable investment seriously and actively support a number of industry collaborations, including:

Principles for Responsible Investment (PRI).

We are a signatory to the PRI. This means we are publicly committed to integrating ESG factors into our investment decisions.

The PRI initiative comprises a global network of investors and financial industry participants who are committed to integrating ESG factors, including climate change, into their investment processes and ownership policies. The initiative also promotes transparency by signatories as to their engagement activities and the integration of ESG factors within our investment decision-making process.

The PRI is a set of six aspirational principles: ESG integration, stewardship, disclosure, promotion, collaboration, and communication. We believe the PRI provides an important universal framework for signatories to structure their approach to ESG integration. We have therefore integrated the principles into our beliefs and investment approach.

As a signatory, we report and are assessed on our ESG integration performance against other signatories on an annual (or as otherwise required by the PRI) basis. The PRI also provides transparency reports.

We have a strong preference to work with underlying investment managers who are signatories to the PRI and have similar commitments to industry collaboration.

Responsible Investment Association of Australasia (RIAA).

RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand, and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. We actively contribute to RIAA-led industry collaborations.

Net Zero Asset Managers initiative (NZAMi).

NZAMi is an international group of asset managers that seek to incorporate climate risks and opportunities in investment decision making, and set climate targets aligned with the long-term objectives of the Paris Agreement.

New Zealand Aotearoa Stewardship Code (the Code).

The Code provides a clear framework to steer companies on critical issues, including climate and sustainability. BTNZ contributed to the development of the Code, and is a Founding Signatory.

Investor Group on Climate Change (IGCC).

IGCC is a collaboration between Australian and New Zealand institutional investors focusing on the impact of climate change on investments and encouraging investment practices that address relevant risks and opportunities.

Financial Services Council NZ (FSC).

The FSC is the voice of the financial services sector in New Zealand. We are a member of the FSC ESG Committee and participate in industry initiatives and regulatory and policy developments coordinated by the FSC.

Climate Action 100+.

Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas (GHG) emitters take necessary action on climate change.

Centre for Sustainable Finance: Toitū Tahua.

The Centre for Sustainable Finance: Toitū Tahua works closely with the New Zealand Government and financial institutions to mobilise and direct capital to support sustainable growth and intergenerational prosperity.

3.1 Third-party certification.

The Westpac KiwiSaver Scheme and Westpac Active Series funds as at the date of this Policy[2] have been certified by RIAA under the operational and disclosure practices required under its Responsible Investment Certification Program. This excludes cash funds as RIAA does not currently assess cash funds as part of its Certification Program.

RIAA certification signifies that the certified funds adhere to RIAA's operational and disclosure practice requirements.

RIAA's Program is the leading initiative for distinguishing quality responsible investment products in the region and is the longest running independent responsible investment product certification programme in the world.

[2] All Westpac Retirement Plan Funds are closed to new investors and have therefore been excluded from certification.

4. Pillar I: Exclusions

We seek to avoid investment in companies and other issuers that operate outside of our sustainable investment criteria[3].

4.1 What companies do we exclude[4]?

How we decide what to exclude.

Our rationale for excluding companies is based upon a series of factors, including whether:

- the company's activities are inconsistent with our climate ambitions such as through the fossil fuel and coal exclusion listed below, or
- the company is breaching minimum social safeguards and/or significant harm standards defined by RIAA.

Our current asset exclusions are outlined below. We primarily rely on advice from our third-party ESG research providers for exclusions criteria, standards, and assessments. Where appropriate, we may utilise other information sources and/or our own assessments.

We seek to exclude[5]:

Minimum social safeguards.

- Companies assessed as being in breach of international human rights, labour protection and/or environmental standards as enshrined in the ten principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights and their underlying conventions and treaties. The UN Global Compact is a voluntary initiative aimed at implementing universal sustainability principles. It comprises ten principles that define the minimum fundamental responsibilities that companies are expected to meet in relation to human, labour, environmental and anti-corruption rights.
- When determining not to invest in a company breaching these principles, we primarily rely on the assessment of our third party ESG research providers. In some instances, we may also consider the views of the underlying investment managers and the effectiveness of their stewardship strategies with the company. We may choose to take additional time to divest while we review these factors. We may also choose not to divest after reviewing these factors.
- For possible violations of minimum social safeguards relating to 'contiguous territorial disputes', data is not available from our third-party ESG research provider, we may undertake our own assessment. Using our professional judgment, our assessment would consider:
  - whether the relevant company activities are having a severe impact on society or the environment,
  - whether the company, through its activities, is wilfully and directly contributing to violations of minimum social safeguards, and
  - how responsive the company has been to engagement.
- In conducting the assessment for contiguous territorial disputes, we make use of publicly available information, along with the views of our underlying investment managers. To ensure exclusions under this category can be conducted in a timely manner, the decision to exclude is delegated to the Head of Investment Solutions with notification required to be given to BTIC.

Controversial and other weapons.

- Companies involved in the manufacturing of controversial weapons or the provision of components or services that are considered tailor-made and/or essential for the lethal use of the weapon. Controversial weapons comprise the following:
  - Anti-personnel mines
  - Biological and chemical weapons
  - Cluster weapons
  - Depleted uranium munitions
  - Nuclear weapons
  - White phosphorous munitions
- Companies deriving any revenue from manufacturing and selling assault weapons to civilians.

Tobacco products.

- Companies deriving any revenue from the manufacture of tobacco products or companies that distribute their own label tobacco products. Tobacco products include cigarettes, cigars, tobacco for pipes and snuff, smokeless tobacco products and e-liquid / complete e-cigarettes.

Oil and gas fossil fuels.

- Companies that have their primary business activity in the oil and gas drilling, oil and gas equipment and services, integrated oil and gas, oil and gas exploration and production as determined by the Global Industry Classification Standard.

[3] If we use derivative instruments, or in the rare instance third-party or exchange traded funds, we aim to align to our exclusions as closely as possible. For third-party or exchange traded funds, this alignment would at a minimum include our fossil fuels, tobacco and weapons exclusions. Please see 4.4 and 4.5 for further detail on the management and implementation of exclusions, including how we divest if any investments are inadvertently made.
[4] Where we refer to companies within this pillar, we refer to both shares and debt issued by companies.
[5] Where a company has a majority (50% or greater) stake in another company, relevant revenue and involvement of the subsidiary are attributed to the parent. Where a company has a minority (less than 50%) stake in another company, relevant revenues and involvement of the subsidiary are not attributed to the parent.

- Companies deriving more than 10% of their revenue from oil or gas exploration, production or refining.
- Companies deriving more than 10% of their revenue from oil or gas exploration in Arctic regions.
- Companies deriving more than 10% of their revenue from the extraction of oil sands.
- Companies deriving more than 10% of their revenue from shale energy exploration, extraction and/or production.

Thermal coal extraction and substantial power generation from coal[6].

- Companies that have their primary business activity in the coal and consumable fuels sub-industries as determined by the Global Industry Classification Standard.
- Companies deriving more than 10% of their revenue from the extraction of thermal coal.
- Companies deriving more than 50% of their revenue from the generation of electricity from thermal coal.

Predatory lending.

- Companies deriving any revenues from "predatory lending" practices. Predatory lending refers to unfair, deceptive or fraudulent lending practices during the loan origination process.

Whale meat processing.

- Companies deriving any revenue from the processing of whale meat.

4.2 Other exclusions we may apply.

Occasionally, we may exclude other companies or other issuers:

- that do not align with our sustainable investment values, approaches, or beliefs,
- that are not responding adequately and positively to stewardship activities, or
- where holding an exposure to the security is expected to negatively impact investment performance.

To ensure exclusions under this category can be conducted in a timely manner, the decision to exclude is delegated to the Head of Investment Solutions with notification required to be given to BTIC. Any exclusion under this category is made as soon as is practicable.

When determining to no longer invest in a particular company or issuer, we assess:

- publicly available information, along with information from third-party ESG research providers, where available,
- the views of underlying investment managers,
- the views and expectations of our customers,
- the company's or other issuer's response to the issue, and
- the likely long-term impact of the exclusion on investment performance and portfolio risk.

4.3 Sanctions.

- In accordance with the Westpac Group Sanctions Policy, we comply with applicable sanctions laws including New Zealand and United Nations Security Council Sanctions. Additionally, certain jurisdictions may be deemed to be outside of Westpac Group's risk appetite. For more information see the Westpac Group Sanctions Statement.
- For current country exclusions, which apply to sovereign issuances, please see our website at **sustainable-investment-policy/**.

4.4 Managing our exclusions.

Controls.

Where investments are delegated to underlying investment managers our strong preference is to appoint any external underlying investment managers under an investment management agreement where the underlying assets are held directly by our custodian(s). This enables us to have greater control over investment guidelines including exclusions.

We manage our exclusions through a series of controls. Exclusion constraints are hard coded into compliance management systems pre-trade, with the aim of preventing a trade into an excluded company or other issuer. Post-trade monitoring is undertaken by our underlying investment managers. In addition, our custodian undertakes compliance monitoring.

In partnership with our third-party ESG research providers, we review excluded companies and other issuers on a quarterly basis. Additionally, we may take into account our underlying investment managers' views or the effectiveness of their stewardship strategies for the social safeguards and other exclusion categories and, will regularly review our position. The exclusion list and notice letter are then provided to our underlying investment managers, domestic cash and fixed interest team, compliance team and custodian.

Divestment timeframe.

Where an investment is inadvertently made into an excluded company or issuer, divestments are required by the underlying investment manager normally within seven business days, and no later than ten business days. In the event of a breach of the exclusion requirements, the underlying investment managers are required to notify us immediately. For the social safeguards category, we may take additional time to divest.

[6] For the avoidance of doubt, this exclusion does not apply to the extraction of coking coal, which is used in steel production.

4.5 Application of exclusions.

Third party funds.

In the rare instances where a third-party fund or exchange traded fund is held, we will aim to align the fund closely to our Policy, and at a minimum align with our fossil fuels, tobacco and weapons exclusions.

Derivatives.

The exclusions criteria are applied where we hold direct securities, but do not currently apply to the same extent for derivative instruments (e.g. futures). Where derivative instruments are used, the reference index for the derivatives contract may include exposure to excluded securities. Where possible, we will seek to choose contracts which incorporate our exclusions.

Revenue thresholds.

For some exclusions, we apply a revenue threshold. This threshold is the percentage of estimated or reported revenue earned by the company from a particular excluded activity, based on the latest year of data from third party ESG research providers. This means that when the company's estimated or actual annual revenue from the activity is less than the revenue threshold, the exclusion of that company is not triggered.

Data limitations.

Implementation of the exclusion criteria can be affected by the accessibility and accuracy of data, and depends on accurate information, interpretations or assessments by ourselves or from our third-party ESG research providers or by our underlying investment managers. This may result in inadvertent holdings in investments we, and or our underlying investment managers, are seeking to exclude. In this event, as soon as this has been identified, the relevant underlying investment manager is required to divest within the defined timeframes.

5. Pillar II: ESG Integration.

ESG integration involves the assessment of environmental, social and governance factors in the investment process. We integrate relevant ESG factors into our investment decisions and expect our underlying investment managers to do the same. By doing so, we aim to create long-term value, and/or avoid undue risks.

5.1 External underlying investment managers.

Where investment mandates are delegated to external underlying investment managers, we integrate ESG through:

Selection: Prior to appointment of a new underlying investment manager, we undertake a formal assessment of their competency and approach to integrating important ESG factors. This includes an assessment of whether the underlying investment manager is a leader in ESG integration, whether they are a signatory to the PRI, third-party assessments, certification, ratings of their ESG performance, and their approach to ESG integration into investment decisions. We also review their stewardship practices

Appointment: Our underlying investment managers are required to have regard to this Policy. We communicate our sustainable investment requirements in advance and include sustainable investment-related clauses in investment management agreements.

Monitoring and review: Through ongoing engagement, we regularly keep our underlying investment managers aware of this Policy. We also undertake regular performance reviews of our underlying investment managers to assess their efforts to implement sustainable investment requirements.

Reporting: We require ongoing disclosure from our underlying investment managers in line with this Policy.

5.2 Internal underlying investment manager.

Our domestic cash and fixed interest team integrate ESG factors throughout the investment lifecycle. This includes:

Research: We undertake research for key ESG risk factors as part of our initial issuer analysis. We also use and apply ESG ratings from third party ESG research providers.

Portfolio monitoring: Once an investment has been made, we internally monitor the ESG performance of the issuer.

5.3 Climate change.

Climate change presents materially significant systemic and financial risks and opportunities. We aim to understand and manage the investment risks and opportunities arising from climate change, including by conducting climate scenario analysis.

Through our Climate Transition Plan, included in our Climate Statements, we have further developed our approach to climate change, including how we manage climate-related risks and opportunities and support the goals of the Paris Agreement. We have an ambition to reach net zero portfolio emissions by 2050 and to increase the proportion invested in entities achieving net zero or aligned, or aligning, to a net zero pathway. We intend to report on progress against our Climate Transition Plan annually.

6. Pillar III: Stewardship.

6.1 What is stewardship?

We define stewardship as the responsible management of our customers' investments to create and preserve long-term value. This includes using our influence over current or potential underlying investment managers, companies and other issuers, policy makers, service providers and other stakeholders – sometimes collaboratively.

6.2 Why is stewardship important?

We recognise the importance of active stewardship and engage in active stewardship to encourage sustainable business practices, address climate change, improve corporate governance and transparency.

We implement active stewardship by exercising voting rights, engaging with companies and other issuers either directly through our internal team or by delegating this to our underlying investment managers, and collaborating with the industry.

We believe stewardship helps promote higher standards of corporate governance, which contributes to long-term value creation and preservation, thereby reducing risk and increasing long-term returns to our customers. For this reason, stewardship is considered a core component of how we and our underlying investment managers integrate important ESG matters into our investment decision-making processes.

6.3 Voting.

Voting is an integral part of the suite of stewardship tools we and our underlying investment managers use to bring a voice to a company on ESG factors that matter. Voting seeks to improve companies' financial, environmental, social and governance outcomes by addressing business risks, and can support our key sustainable themes.

Votes are cast by our external underlying investment managers on our behalf. We require our underlying investment managers to abstain from voting where a conflict of interest exists.

We maintain a set of voting principles (as provided in Appendix 1) as guidance for our underlying investment managers. These voting principles are guidelines and our external underlying investment managers may apply their own voting policy and use their discretion to deviate from any voting principle, where appropriate.

In addition, our underlying investment managers may file a shareholder resolution or proposal.

6.4 Engagement.

We and our underlying investment managers conduct regular analysis, monitoring, and engagement with companies and other issuers. A primary objective of this engagement is to positively influence companies and other issuers to improve their ESG-related performance, accountability, and disclosure.

We require our underlying investment managers to take an active engagement approach, emphasising direct dialogue with companies and other issuers on ESG matters that have the potential to impact on long-term value. The breadth, depth and frequency of engagement will vary significantly based on a variety of factors including the nature of the risks and opportunities, the openness and willingness to engage by the issuer, and the size or nature of the investment.

Our engagement aims to focus on the following areas for companies (and other issuers, as appropriate). We encourage our underlying investment managers to do the same.

Long-term business plan: The company's business model, purpose (including social purpose), strategy, and ongoing performance, as well as developments both within and external to the company that might affect its long-term value and the risks it faces.

Approach to key ESG factors: The company's approach to identifying and managing the key environmental, social and governance factors that may influence their long-term success. We assess how they are strengthening their ability to positively contribute to our targeted sustainable themes if applicable.

Governance: The effectiveness of the company's governance structures. This includes developing an understanding of the quality of company governance and disclosures against relevant national or international corporate governance codes, including the explanations given for any deviations.

Climate change mitigation: We encourage companies and other issuers to set science-based targets, aligned with a net zero pathway, for Scope 1, 2 and 3 GHG emissions[7].

Climate change adaptation: We encourage companies and other issuers to direct revenue to addressing climate change adaptation. This includes ensuring companies are increasing their revenue, capital expenditure and operational expenditure towards green objectives as per the EU Sustainable Investment Taxonomy.

Improve the environment: We encourage companies and other issuers to measure, report on, and reduce negative impacts on biodiversity, ecosystems and water quality through application of circular economy or similar approaches. We encourage investment to address the environmental objectives in the EU Sustainable Investment Taxonomy.

Quality of disclosures: The quality of the company's financial and non-financial disclosures. We encourage companies to use recognised frameworks and standards

[7] Refers to different GHG emissions from owned, controlled, indirect sources and value-chains.

for integrated reporting. These may include, but are not limited to, the Global Reporting Initiative Standards, the International Sustainability Standards Board Standards, the EU Sustainable Finance Disclosure Regulation, and the TCFD Framework.

6.5 Engagement escalation.

We recognise that, in some circumstances, escalation through enhanced engagement may be necessary.

Enhanced engagement means advising the company of the decision to put it on a watchlist and an enhanced engagement programme. Our underlying investment managers are responsible for undertaking engagement escalation at their discretion.

If enhanced engagement does not lead to the desired change, we may, through our underlying investment managers, decide to exclude the company from the investment portfolio. We consider this exclusionary approach to be an action of last resort, to be taken only if enhanced engagement does not succeed.

6.6 Industry collaboration.

We see stewardship through collaboration with other stakeholders as a positive, effective, and efficient mechanism for enacting change and to help us achieve our sustainable investment goals.

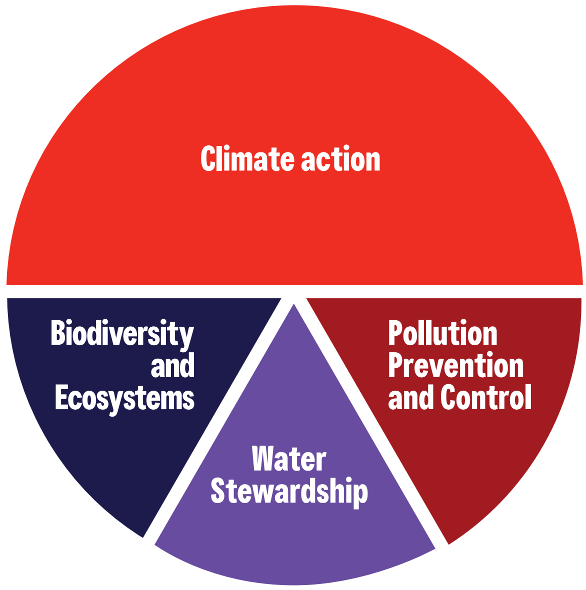
We collaborate with our underlying investment managers, advisers, investment consultants, auditors, third-party ESG research providers, other asset managers and fund managers, governments, standard setters, and industry bodies.

While we do collaborate with others, we also respect that in some cases they may have differing views.

7. Pillar IV: Sustainable themes.

We aim to pursue opportunities and contribute to positive environmental outcomes and are working towards investing more in the key themes aligned with Articles 10 (climate change mitigation), 11 (climate change adaptation), 12 (water and marine resources), 14 (pollution prevention and control) and 15 (biodiversity and ecosystems) of the EU Sustainable Investment Taxonomy (EU 2020/852)[8].

In the absence of a global sustainable standard, the EU Taxonomy is widely recognised as the most comprehensively defined and respected regulated approach. However, we are not limited to these themes, and may choose to invest in other themes from time to time. Depending on the maturity of the asset class and/or the approach of our underlying investment managers, progress towards these themes will occur at different times.



7.1 Our sustainable themes.

Climate action. Working towards investing more in companies and other issuers that provide or adopt renewable energy, energy efficiency, climate mitigation or adaptation solutions in order to substantially reduce the extent of climate impacts on the environment, people and assets. The principles of sustainable contribution to climate change mitigation and adaptation are set out in Articles 10 and 11 of the EU Sustainable Investment Taxonomy.

Water Stewardship. Working to invest more in companies and other issuers that are contributing substantially to water stewardship (such as reducing water contamination, improving water management, reducing water usage, increasing efficiency or security of supply), as set out in Article 12 of the EU Taxonomy.

Pollution Prevention and Control. Working towards investing more in companies and other issuers whose activities are contributing substantially to pollution prevention and control (such as by improving air, water, and soil quality) or who are working to minimise adverse human health and environmental impacts from the production, use or disposal of chemicals, as set out in Article 14 of the EU Taxonomy.

Biodiversity and Ecosystems. Working towards investing more in companies and other issuers that are contributing substantially to nature and biodiversity conservation, sustainable land use and management, sustainable agriculture practices or sustainable forest management practices, as set out in Article 15 of the EU Taxonomy.

Climate action is our highest priority and is currently the most evolved of these sustainable themes. We are continuing to progress the implementation our other sustainable themes.

[8] Deciding to invest in a company or other issuer in line with these themes forms only one investment factor in our overall assessment.

7.2 Alignment with the EU Taxonomy.

As the EU Taxonomy standard is in the process of being implemented, access to reliable and accurate third-party data is limited. As a result, our ability to measure progress against some sustainable themes is constrained. Consequently, in some instances, we rely on our underlying investment managers to target, measure and report on their estimated contributions to these sustainable themes using their own frameworks or their third-party data.

We also expect to be able to include commitments to socially themed investments, in addition to our selected environmental themes, once a globally recognised sustainable investment standard (taxonomy) for social investments has been developed and implemented. In the interim, we encourage our underlying investment managers to select, target, measure and report on their estimated contributions to their nominated social investment themes.

8. Conflicts of Interest.

We act in accordance with the Westpac New Zealand Limited Conflicts Management Policy and require each underlying investment manager to have a conflicts management policy in place and to share any conflicts of interest that have occurred, such as through stewardship activities.

9. Approved by:

Nigel Jackson
CEO, BTNZ

October 2025

Appendix 1: Voting Principles

The key principles that guide our and our investment managers' voting decisions for listed companies are[9]:

General.

- We expect the identification and integration of key ESG factors, including within business strategy, board responsibilities, and risk management.
- We expect a company to have a clearly defined social purpose.
- We expect a commitment to transparency and public disclosure of key ESG factors, including against our sustainable theme objectives, through recognised frameworks and standards.

Environmental.

We aim to:

- Vote in support of the adoption of a robust climate action plan with adequate budget and personnel.
- Vote in support of the adoption of science-based targets aligned with a the Paris Agreement, covering scope 1, 2 and 3 Greenhouse gas emissions.
- Vote in support of assessment and disclosure of climate-related risks and opportunities.
- Vote in support of investments to reduce or adapt to physical and transitional climate risk.
- Vote in support of increases in budget for climate mitigation.
- Vote in support of investments to improve sustainable land and marine use, supply chains and natural capital outcomes.
- Vote in support of actions to improve water stewardship, including water use, water quality, wastewater quality and quantity.
- Vote in support of actions to reduce, reuse and adopt circular economy approaches to product stewardship.
- Vote against deforestation, land or marine degradation, unsustainable agricultural or marine practices, harm to threatened species, or the use of non-certified sustainable palm oil.

Social.

- We expect companies to actively embrace the UN Global Compact principles and discontinue actions that contravene these principles.
- We expect the promotion of a diverse and inclusive workforce including meaningful policies demonstrating tangible outcomes.
- We expect proactive human capital management, attention to cultural rights, payment of a living wage and reducing pay gaps, and encouragement of employee participation.
- We expect disclosures of modern slavery assessments and actions to minimise impacts.
- We expect companies to have an effective whistleblowing program and anti-corruption process.
- We will vote in support of actions positively and actively supporting local communities.

Governance.

- We expect well-structured governance including responsibility to manage social and environmental impacts.
- We expect boards and management with diverse skills, experiences, backgrounds, age, nationality, ethnicity, gender and sexuality.
- We expect at least one female on boards; in well-governed markets at least 30% of board members shall be female and/ or identify as LGBTQIA+.
- We expect 30% of board directors to be independent (this means no working, material business, representative, family or other close ties).
- We expect the roles of Chair and Chief Executive to be held separately.
- We expect and support the appointment of an independent external financial auditor.
- We expect membership of an audit committee to be non-executive. Members of both audit and remuneration committees should be listed in annual reports. It is preferred that only non-executive directors sit as members of remuneration committees.

Remuneration and Board tenure.

- We expect remuneration structures to be simple, long-term oriented and aligned with shareholder value, and to encourage responsible risk taking.
- We expect board tenure to be limited to 12 years with regular independent board effectiveness reviews.
- We expect board and executive compensation and incentive payments to be fully and transparently disclosed and linked to long-term value creation and long-term company performance, climate action, and social purpose.
- We expect termination payments should not be excessive and we expect disclosure of any contingent liabilities to be made.

Ownership and Shareholder Rights.

- We do not support actions that curtail or dilute the voting or economic rights of shareholders.
- We expect companies to seek approval from shareholders before making political donations.
- We expect transparency of political lobbying activities (in AGMs or annual reports) and alignment of those with the company's social purpose.

[9] Our underlying investment managers have discretion to cast a vote in a manner which seeks to achieve improved long-term value. Any divergence from these principles, for example by using and applying their own policies, is therefore not expected to have a material consequence to the financial performance of the investment. Accordingly, divergence from these principles is not considered to be a material breach of our SI Policy commitments.

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Westpac New Zealand Limited.