

## Independent Limited Assurance Report to the Directors and Management of Bank of New Zealand ('BNZ')

### Assurance Conclusion

Based on our limited assurance procedures described below, nothing has come to our attention that causes us to believe that the Sustainable Finance Framework (the 'Framework') of Bank of New Zealand ('BNZ') dated 30 November 2022 does not meet, in all material respects, the requirements of the sustainable finance Principles and Guidelines listed in the criteria section below, and BNZ's Sustainable Finance Disclosures as at 30 September 2022 do not meet the Framework.

### Scope

Ernst & Young Limited ('EY') has performed a limited assurance engagement in relation to BNZ's Sustainable Finance Framework (the 'Framework') and the Sustainable Finance Disclosures provided by BNZ as at 30 September 2022 ("the Subject Matter") in order to conclude that nothing has come to our attention that the Framework and the Sustainable Finance Disclosures do not meet, in all material respects, the Criteria described below.

### Subject Matter and Criteria

The Subject Matter and Criteria for this limited assurance engagement are as follows:

Sustainable Finance Framework Assurance;

<b>Subject Matter</b>	▶ Framework
<b>Criteria</b>	<ul style="list-style-type: none"> <li>▶ Loan Market Association's <i>Sustainability-Linked Loan Principles (March 2022)</i>, <i>Green Loan Principles (February 2021)</i> and <i>Social Loan Principles (April 2021)</i></li> <li>▶ International Capital Markets Association's <i>Sustainability-Linked Bond Principles (June 2020)</i>, <i>Green Bond Principles (June 2022)</i> and <i>Social Bond Principles (June 2022)</i></li> <li>▶ <i>Climate Bond Initiative's Standard V3.0</i></li> <li>▶ International Swaps and Derivatives Association's <i>Sustainability-linked Derivatives: KPI Guidelines (September 2021)</i></li> </ul>

BNZ's sustainable finance disclosures

<b>Subject Matter</b>	Sustainable Finance Disclosures as at 30 September 2022, specifically the following values: <ul style="list-style-type: none"> <li>▶ NZ\$ 1.124bn of sustainable bonds</li> <li>▶ NZ\$ 0.798bn of sustainability-linked loans</li> <li>▶ NZ\$ 0.141bn of green loans</li> <li>▶ NZ\$ 0.163bn of eligible sector finance</li> <li>▶ NZ\$ 0.125bn of ESG linked derivatives</li> </ul>
<b>Criteria</b>	▶ Framework

### Management Responsibility

The management of BNZ is responsible for the collection and presentation of the Subject Matter in accordance with the Criteria and for maintaining adequate records and internal controls that are designed to support assertions made in the Framework and the Sustainable Finance Disclosures.

### Assurance Practitioner's Responsibility

EY's responsibility is to express a limited assurance conclusion on the noted Subject Matter as defined above. We are also responsible for maintaining our independence and confirm that we have met the requirements of APES 110 *Code of Ethics for Professional Accountants* including independence and have the required competencies and experience to conduct this assurance engagement.

### Level of Assurance

A limited assurance engagement consists of making enquiries and applying analytical, and other evidence-gathering procedures sufficient for us to obtain a meaningful level of assurance as the basis for providing a negative form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, these procedures were not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Our Approach

We conducted our procedures in accordance with the *Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (New Zealand)* ('ISAE 3000 (NZ)') and the terms of reference for this engagement as agreed with BNZ on 23 September 2022.



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The procedures we performed were based on our professional judgement and included, but were not limited to, the following:

- ▶ Obtaining the updated Sustainable Finance Framework and discussing changes made since last year with relevant BNZ personnel to understand the updated eligibility requirements and reporting process
- ▶ Assessing BNZ's Sustainable Finance Framework requirements against relevant international sustainable finance Principles and Guidelines (as per the Criteria defined above)
  - Assessing the identified eligible transactions against the requirements of the Sustainable Finance Framework

#### **Limitations on scope**

There are inherent limitations in performing assurance - for example, assurance engagements are based on selective testing of the information being examined - and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ISAE 3000 (NZ), the Loan Market Association's *Sustainability-Linked Loan Principles (March 2022)*, *Green Loan Principles (February 2021)* and *Social Loan Principles (April 2021)*, the International Capital Markets Association's *Sustainability-Linked Bond Principles (June 2020)*, *Green Bond Principles (June 2022)* and *Social Bond Principles (June 2022)*, the *Climate Bond Initiative's Standard V3.0*, the International Swaps and Derivatives Association's *Sustainability-linked Derivatives: KPI Guidelines (September 2021)*, and BNZ's Sustainable Finance Framework dated 7 November 2022 is subjective and will be interpreted differently by different stakeholder groups.

Our assurance was limited to the Subject Matter and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as of 19 December 2022, ahead of the publication of BNZ's Sustainable Finance Framework and Sustainable Finance Disclosures.

#### **Independence**

We confirm that EY has complied with all professional regulations relating to Independence in relation to this engagement. EY has stringent policies and procedures in place to ensure independence requirements are addressed and monitored on a timely basis.

#### **Use of Report**

Our responsibility in performing our assurance activities is to the Directors and Management of BNZ only, and in accordance with the terms of reference for this engagement, as agreed with BNZ. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Subject Matter is entirely at its own risk. No statement is made as to whether the Criteria are appropriate for any third-party purpose.

A stylized, handwritten-style signature of 'Ernst &amp; Young' in black ink.

Ernst & Young Limited  
19 December 2022