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

Assurance Conclusion

Based on our limited assurance procedures, as described in this statement as of 01 July 2024, nothing came to our attention that causes us to believe that the Subject Matter set out below, has not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below

Scope

Ernst & Young Limited ('EY') has performed a limited assurance engagement as defined by International Standards on Assurance Engagements (New Zealand) 3000 (Revised), here after referred to as the "engagement", to report on BNZ's Sustainable Finance Framework, dated July 2024 ('the Subject Matter'), in order to conclude that nothing has come to our attention that causes us to believe that the Subject Matter does not meet the requirements of the Criteria.

The Criteria

Parts of the Subject Matter relating to loans have been assessed against the following criteria:

- ▶ Loan Syndications & Trading Association "LSTA's" Green Loan Principles (GLPs)
- ▶ LSTA's Social Loan Principles (SLPs)
- ▶ LSTA's Sustainability-Linked Loan Principles (SLLPs)

Parts of the Subject Matter relating to bonds have been assessed against:

- ▶ International Capital Market Association "ICMA's" ICMA's Green Bond Principles (GBPs)
- ▶ ICMA's Social Bond Principles (SBPs)
- ▶ ICMA's Sustainability-Linked Bonds Principles
- ▶ ICMA's Sustainability Bond Guidelines

Parts of the Framework relating to derivatives have been assessed against:

- ▶ International Swaps and Derivatives Association ISDA's Sustainability-Linked Derivatives: KPI Guidelines

BNZ's Responsibility

BNZ's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's Responsibility

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (New Zealand) ('ISAE (NZ) 3000 (Revised)')*, and the terms of reference for this engagement as agreed with BNZ on 20 March 2024.

That standard requires that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

Our independence and quality management

We are independent of BNZ in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Ernst & Young applies Professional and Ethical Standard 3 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.



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Description of procedures performed

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 procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Sustainable Finance figure and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Assessing BNZ's Sustainable Finance Framework (July 2024) against relevant international sustainable finance Principles and Guidelines (as per the Criteria defined above).
- ▶ Conducting interviews with personnel to understand the business and reporting process, including the processes for collecting, collating, and reporting the subject matter during the reporting period.
- ▶ Assessing evidence for the processes described in the Framework.
- ▶ Assessing the selection of environment and social criteria in the Framework against the Criteria and independent sources assessing, including a review against the climate bond initiative "CBI" eligibility sector criteria, for their environmental and social benefits.
- ▶ Seeking management representation

We also performed such other procedures as we considered necessary in the circumstances.

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 (NZ) 3000 and BNZ's Sustainable Finance Framework dated July 2024 is subjective and will be interpreted differently by different stakeholder groups.

Restricted use

This report is intended solely for the information and use of BNZ and is not intended to be and should not be used by anyone other than those specified parties.

Pip Best
Partner - Assurance
Ernst & Young Limited

Auckland
01 July 2024