STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

WESTPAC NEW ZEALAND
STAFF SUPERANNUATION SCHEME

26 September 2024

Adopted by the Trustee

On: 26 September 2024

Signed:

The most current version of this SIPO is available on the schemes register for the Westpac New Zealand Staff Superannuation Scheme, at www.disclose-register.companiesoffice.govt.nz

The Trustee is responsible for the review of this SIPO with assistance, as appropriate, from the Investment Consultant.

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	Revision No.	1
	Effective Date:	26 September 2024
	Status:	**Final**

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Recent Update Log

Issue No.	Updated By	Date Updated
21	Trustee Directors	1 October 2023
22	Trustee Directors	20 December 2023
23	Trustee Directors	18 March 2024
24	Trustee Directors	25 September 2024
25	Trustee Directors	26 September 2024

Review Dates

- The original SIPO for the Scheme’s investment policy was prepared in 1998.
- The SIPO has been reviewed on several occasions since that time, most recently on 25 September 2024 and 26 September 2024.
- The date of the next SIPO review is 20 December 2024 or sooner if market conditions warrant or the current investment structure is altered.

Review Process

The Trustee is responsible for the review of this SIPO with assistance, as appropriate, from the Investment Consultant.

CONTENTS

1. Introduction

This statement summarises the current investment policy of Westpac New Zealand Staff Superannuation Scheme Trustee Limited ("the Trustee" for the Scheme).

It is the intention of the Trustee to review and update, as appropriate, the policy to reflect the changing investment markets, nature of the Scheme, and Trustee's requirements.

1.1 Background

The Scheme is expected to continue indefinitely, is governed by a trust deed dated 31 August 2016, and is registered under the Financial Markets Conduct Act 2013 ("FMC Act") as a restricted employer-related workplace savings scheme.

Within the Scheme, there are two principal sections ofmembership:

- a defined benefit section which provides benefits based upon length of membership and salary; and
- a defined contribution section where the benefits are based upon the members' and employer contributions and investment earnings on those contributions. This section is known as 'In-Tandem'. Employer contributions are made by Westpac Banking Corporation ("the Bank") or Westpac New Zealand Limited ("WNZL").

The defined benefit section is closed to new members.

1.2 Investment Portfolios

In-Tandem members have five investment options, asfollows:

- High Growth;
- Growth;
- Moderate Balanced;
- Defensive
- Cash

In addition, a separate portfolio is maintained in respect of the defined benefit section's assets. Members of this section do not have investment choice.

1.3 Primary Investment Objectives

The primary investment objectives underlying the investment policy for the Scheme are:

- to ensure that the Scheme will meet benefit payments when they falldue,
- to achieve the specific performance objectives of each portfolio subject to the portfolio's risk profile, and
- to ensure that the Scheme's assets will be invested in a prudentmanner.

1.4 Investment Risk

The future is uncertain and investment markets are unpredictable. Uncertainty creates both risks and opportunities. Because of this, the Scheme invests in a wide variety of assets. These assets are diversified by type, location, and risk factors. In addition, the assets are managed by several specialist fund managers, which reduces Scheme exposure to a particular fundmanager.

The In-Tandem members bear investment risk as fluctuations in investment earnings over time directly affect member account balances. In-Tandem members can select from five investment options and can elect to switch options for free twice in any Scheme year with subsequent switches in any Scheme year attracting a fee. Investment risk associated with the Defined Benefit section is borne by the Bank.

1.5 Nature of Liabilities

The liabilities of In-Tandem are the accumulation of the members' contributions and employer contributions and investment earnings on those contributions. The investment return credited to the account balances is equal to the after fees and tax earning rate of the relevant In-Tandem portfolio. The beneficiaries assume the investment risk.

The liabilities of the defined benefit section relate to members' salaries and pensionable service.

1.6 Currency Hedging Policy

In general, foreign currency exposure is generally fully hedged to New Zealand dollars, to protect against adverse currency fluctuations, but may be actively managed, and will vary from time to time to take advantage of currency marketmispricing.

The exceptions to this policy are listed below:

- International Equities: developed market foreign currency exposures are generally 60% hedged back on a before tax basis to the New Zealand dollar, while emerging market foreign currency exposures are generally unhedged. This results in an overall hedging ratio for International Equities of 51% on a before tax basis (37% on an after tax basis).
- Australasian Equities: exposure to foreign currencies is generally 70% hedged back to the New Zealand dollar on a before tax basis. This results in a hedging ratio for Australasian Equities of 50% on an after tax basis.

Hedging is implemented by the Scheme's investment managers and is monitored by the Investment Implementation Manager (**IIM**), except for international equities and listed international property, which is implemented by the IIM.

1.7 Taxation

- The Trustee's preference for investment products is New Zealand based pooled vehicles that qualify as Portfolio Investment Entities (**PIE**s) and are taxed at a rate of 28% atsource.

- Investment vehicles other than 28% tax rate PIEs may be used at the Trustee's discretion from time to time. Should the Scheme itself elect to become a PIE then investment vehicles taxed at 0% will be used.

1.8 Liquidity Requirements

The net cash flow for the five In-Tandem portfolios is expected to be positive in the foreseeable future.

The net cash flow for the defined benefit portfolio is expected to benegative.

It is the Trustee's intention to continue to monitor the cash flow requirements and to ensure that the investment strategy and guidelines reflect the potential need for liquidity.

1.9 Long-Term Investment Strategy

The investment objectives and investment strategy of each of the portfolios are as set out in the Investment Profiles later in this document.

It is the Trustee's intention as part of their investment policy to review such benchmark strategies from time-to-time to ensure that they continue to meet the purposes of the Scheme and reflect the current market outlook.

A review of the investment strategy for the Scheme and for each investment option (including assessment of the various risk premia) will be undertaken by the Investment Consultant at least annually and presented to the Trustee for discussion and potential action.

1.10 Investment Beliefs

The Scheme's approach to investing is framed by a set of over-arching beliefs that drive the investment decisions. The beliefs below have been formed by the Trustee and reflect fundamental views, which, while subject to occasional review, are expected to change relatively infrequently.

Sustainable Investment Guideline: Role of Environmental, Social and Governance Factors in the Westpac New Zealand Staff Superannuation Scheme

Subject to meeting legal and fiduciary duties to Scheme members, responsible investment considerations, including environmental, social and governance considerations (together 'ESG' considerations), should be taken into account when investing the Scheme's assets.

ESG considerations have become a commonly accepted framework in the investment community for incorporating ethical principles into the investment decision-making process. Avoiding investment in activities contrary to New Zealand law or those likely to be regarded as unethical by the Scheme's Trustee is accepted as reflecting of those principles. The Trustee believes that integration of ESG factors in investment decisions helps to better manage investment risks and opportunities. The Scheme applies these beliefs in accordance with its **Sustainable Investment Guideline:** Role of Environmental, Social and Governance Factors in the Westpac NewZealand

Staff Superannuation Scheme. A copy of this policy document is available on www.westpacnzstaffsuper.co.nz

Core Beliefs

- Risk and return are related. Over the long-term, investors can expect to be rewarded with a higher return for taking a higher degree of risk.
- Risk is ultimately a function of a failure to meet investment objectives. Investment objectives, and therefore the meaning of risk, will vary between investors.
- The Strategic Asset Allocation (**SAA**) is the primary determinant of long-term investment returns and must be appropriate to the objectives and risk tolerances of the Scheme. In setting the SAA, history can provide a useful starting point for forecasting long-term returns, but it has its limitations.
- A broadly diversified portfolio, both across and within asset classes, can improve the return to risk ratio over time.
- Investors with a true long-term horizon can outperform more short-term focused investors over the long run. Relevant influences in this regard include the expected longevity of the fund and the capacity to absorb liquidity risk.
- Investment markets have varying degrees of efficiency. Some sectors/strategies have characteristics, which are conducive to a manager's ability to generate excess returns, and some are not.
- It follows that active management can add value but not in all cases and consistently generating returns above, benchmark is rare. In some cases, passive management is appropriate but adopting a set benchmark comes with material risks of itsown.
- Occasionally markets can move significantly outside their long-term fair value range. In such instances, benefit can be derived by dynamically tilting the portfolio (Dynamic Asset Allocation (**DAA**)) in anticipation of markets reverting back to long-term fair value. The primary purpose of DAA is to add incremental return or reduce risk over a 3+ year period. This is further explained in Appendix A.

Implementation Beliefs

- The Investment Implementation Manager (**IIM**) should always try to use the best manager or Manager-of-Managers products available in a particular asset class. Combining managers of different style and/or type is generally desirable.
- The investments entered into by the IIM should be explainable to members without undue difficulty.
- The IIM will avoid investing in wholesale investment products where those products invest in sectors or industries that may be inconsistent with the Scheme's Sustainable Investment Guideline: Role of Environmental, Social and Governance Factors in the

Westpac New Zealand Staff Superannuation Scheme (available at www.westpacnzstaffsuper.co.nz).

- The use of Manager-of-Managers products is a potential means of achieving investment diversity within an asset class. The use of such products entails delegating a portion of the Scheme's governance function and fees budget, and needs to be justified on that basis.

- There should be a high degree of alignment between the interests of investment managers employed and those of the Scheme.

- Manager performance should be assessed in the context of risk taken, fees charged, and longer-term returns rather than short-term returns.

- Implementation leakage when making portfolio adjustments does matter in terms of both cost and risk.

- Consideration should be given to long-term investment in offerings which support the NZ economy (e.g. infrastructure projects), subject to practical hurdles of cost effectively managing them within the Scheme.

- Pooled vehicles which are Portfolio Investment Entities provide a relatively administratively straightforward means of accessing investment manager strategies. However, segregated mandates should also be considered where practical.

- Recognising the complexity and challenge of implementing DAA tilts successfully, decisions on tilts are delegated to the Scheme's investment consultant and implemented by the Investment Implementation Manager. DAA will be implemented in any asset class using physical assets or derivatives, provided such usage is consistent with the Scheme's derivatives policy and conforms with the risk controls, both of which are set out in Appendix A.

1.11 Investment Management Structure

The Trustee is empowered to delegate the investment of the Scheme's assets to one or more investment managers. The Trustee believes that this is in the interests of the efficient running of the Scheme.

The Trustee believes that implemented investment consulting is the most appropriate investment management structure for the Scheme. In 2014, the Trustee appointed Willis Towers Watson Australia Pty Ltd (**WTW**) and BT Funds Management (NZ) Limited (**BTNZ**) to provide a range of investment management services for the Scheme.

WTW is appointed to provide strategic oversight of the Scheme's investments including asset allocation advice, governance, and the setting of long-term objectives.

BTNZ is appointed as the IIM with overall responsibility for the management of the investments comprising the different asset classes of the Scheme. In turn, the Trustee has provided the IIM with the discretion and duty to delegate investment management functions in relation to the Scheme to investment managers best suited to meet the Trustee's objectives and togain exposure, or access, to investment manager strategies directly or indirectly through pooled vehicles selected by it (including pooled vehicles provided by the IIM and its related parties).

The investment mandate applicable to each Asset Class is contained in Appendix A.

The Trustee will provide the IIM with any other instructions as to the way in which the Trustee requires the assets of the Scheme to be invested.

Performance in respect of each Asset Class will be evaluated on an ongoing basis against:

- The performance objectives set out in the relevant investment mandate, and
- Such other objectives as agreed between the Trustee and the IIM from time to time.

The Trustee's expectations in terms of reporting by WTW, the IIM and the Administrator to the Trustee are set out in Appendix B.

The In-Tandem and Defined Benefit asset portfolios will be pooled before being invested by asset class so as to minimise investment fees and costs; but separate portfolios will be maintained within the Scheme's administration records.

Details of the methodology to be adopted in the determination of the returns to be provided to participants in the In-Tandem portfolios are contained in the Scheme Crediting Rate Policy. A copy of this policy document is available on www.westpacnzstaffsuper.co.nz.

1.12 Reviewing the Investment Strategy

The Trustee, together with the Investment Consultant, will undertake a formal strategy review at least every three years. Any recommended changes are supported by detailed analysis setting out the rationale for changes and the expected impact on Scheme characteristics.

Potential enhancements considered in formal reviews may include:

- The addition of a new asset class or a new type of investment;
- The removal of an existing asset class or type of investment;
- Incorporation of new WTW research;
- Investment environmental factors including significant market events; and
- Long-term market/industry trends and the outlook for growth.

The primary aim of any adjustment to the Scheme's investment strategy is to improve the balance between risk and return and maximise the chance of achieving the stated objectives.

New SAA changes approved by the Trustee are to be collaboratively undertaken by the Administrator and the IIM. Prior to any new SAA changes taking effect, the implementation of large asset transition (compared to the size of the Scheme) in order to prepare for the incoming SAA changes may result in the portfolios' exposure weights to deviate significantly from their SAA stated in the present SIPO for a period of time. The Administrator and the IIM will notify the Trustee if any such significant deviations occur.

2. Investment Profile – High Growth Fund

2.1 Objective:

The objective of the High Growth Fund is to maximise investment returns over the long term. The Fund has a much higher benchmark allocation to growth assets than income assets. In particular, the specific investment objective of the portfolio is to achieve a return, after tax and investment expenses, as measured by the increase in the unit price, which:

- exceeds the rate of inflation by at least 3.0% p.a. (300 basis points) over each rolling ten-year period.

The investments of the portfolio will be focused on Australasian and International shares as well as Real assets subject to the Investment Mandates in Appendix A.

While the objective of the portfolio is to maximise long-term returns, because the portfolio will be significantly invested in shares it is recognised that short term returns will be volatile.

2.2 Investment Strategy:

The investment strategy for the portfolio is asfollows:

Asset Classes	**Strategic Asset Allocation**	**Ranges**
Australasian equities	23.5%	n/a
International equities	51.0%	n/a
Other (Real assets)	15.5%	n/a
New Zealand Fixed Interest	2.0%	n/a
International Fixed Interest	6.0%	n/a
Cash	2.0%	n/a
	100%	
Growth Assets	90%	n/a
Income Assets	10%	n/a

The High Growth Fund is managed and priced using a fixed SAA orDAA.

The return to participants in the High Growth Fund will be the aggregated individual asset class returns weighted by the Fund’s SAA (or any DAA) adjusted for investment management fees and tax. Details of how unit prices are determined are contained in the Trustee’s Crediting Rate Policy document. A copy of this policy document is available on www.westpacnzstaffsuper.co.nz.

3. Investment Profile – Growth Fund

3.1 Objective:

The objective of the Growth Fund is to maintain the value of members' investments in real terms over the medium to long term. The Fund has a higher benchmark allocation to growth assets than to income assets. In particular, the specific investment objective of the portfolio is to achieve a return, after tax and investment expenses, as measured by the increase in the unit price, which:

- exceeds the rate of inflation by at least 2.0% p.a. (200 basis points) over each rolling ten-year period.

The investments of the portfolio will be diversified across a range of asset classes, subject to the Investment Mandates in Appendix A.

3.2 Investment Strategy:

The investment strategy for the portfolio is asfollows:

Asset Classes	Strategic Asset Allocation	Ranges
Australasian equities	15.0%	n/a
International equities	34.5%	n/a
Other (Real assets)	10.5%	n/a
New Zealand fixed interest	8.0%	n/a
International fixed interest	23.0%	n/a
Cash	9.0%	n/a
	100%	
Growth Assets	60%	n/a
Income Assets	40%	n/a

The Growth Fund is managed and priced using a fixed SAA or anyDAA.

The return to participants in the Growth Fund will be the aggregated individual asset class returns weighted by the Fund's SAA (or any DAA) adjusted for investment management fees andtax. Details of how unit prices are determined are contained in the Trustee's Crediting Rate Policy document. A copy of this policy document is available onwww.westpacnzstaffsuper.co.nz.

4. Investment Profile – Moderate Balanced Fund

4.1 Objective:

The objective of the Moderate Balanced Fund is to maintain the value of members' investments in real terms over the medium term. The Fund has a higher benchmark allocation to income assets than to growth assets. In particular, the specific investment objective of the portfolio is to achieve a return, after tax and investment expenses, as measured by the increase in the unit price, which:

- exceeds the rate of inflation by at least 1.50% p.a. (150 basis points) over each rolling ten-year period.

The investments of the portfolio will be diversified across a range of asset classes subject to the Investment Mandates in Appendix A.

4.2 Investment Strategy:

The investment strategy for the portfolio is asfollows:

Asset Classes	Strategic Asset Allocation	Ranges
Australasian equities	10.5%	n/a
International equities	23.0%	n/a
Other (Real assets)	6.5%	n/a
New Zealand fixed interest	10.0%	n/a
International fixed interest	30.0%	n/a
Cash	20.0%	n/a
	100%	
Growth Assets	40%	n/a
Income Assets	60%	n/a

The Moderate Balanced Fund is managed and priced using a fixed SAA or anyDAA.

The return to participants in the Moderate Balanced Fund will be the aggregated individual asset class returns weighted by the Fund's SAA (or any DAA), adjusted for investment management fees and tax. Details of how unit prices are determined are contained in the Trustee's Crediting Rate Policy document. A copy of this policy document is available on www.westpacnzstaffsuper.co.nz

5. Investment Profile – Defensive Fund

5.1 Objective:

The objective of the Defensive Fund is to maintain the real value of members' investments over the short to medium term. The Fund has a much higher benchmark allocation to income assets than to growth assets. In particular, the specific investment objective of the portfolio is to achieve a return, after tax and investment expenses, as measured by the increase in the unit price, which:

- matches or exceeds the rate of inflation over each rolling five-yearperiod.

The investments of the portfolio will be largely invested in New Zealand cash, bank deposits and fixed interest securities (both New Zealand and overseas) subject to the Investment Mandates in Appendix A.

5.2 Investment Strategy:

The investment strategy for the portfolio is asfollows:

Asset Classes	Strategic Asset Allocation	Ranges
Australasian equities	2.5%	n/a
International equities	6.0%	n/a
Other (Real assets)	1.5%	n/a
New Zealand fixed interest	10.0%	n/a
International fixed interest	30.0%	n/a
Cash	50.0%	n/a
	100%	
Growth Assets	10%	n/a
Income Assets	90%	n/a

The Defensive Fund is managed and priced using a fixed SAA or anyDAA.

The return to participants in the Defensive Fund will be the aggregated individual asset class returns weighted by the Funds SAA (or any DAA) adjusted for investment management fees and tax. Details of how unit prices are determined are contained in the Trustee's Crediting Rate Policy document. A copy of this policy document is available on www.westpacnzstaffsuper.co.nz.

6. Investment Profile – Cash Fund

6.1 Objective:

The objective of the Cash Fund is to maintain the real value of members' investments over the short term. In particular, the specific investment objective of the portfolio is to achieve a return, before tax and investment expenses which:

- exceeds the rate of return on the Bloomberg NZ Bond Bank Bill Index by at least 0.25% p.a. (25 basis points) over each rolling three-year period.

The investments of the portfolio will be primarily securities of a short term nature such as bonds, bills, floating rate notes and mortgage backed securities, issued or backed by governments, banks or high quality companies subject to the Investment Mandates in Appendix A. Investments are generally in New Zealand dollars but may include securities denominated in foreign currencies, which will be fully hedged to the New Zealand dollar.

6.2 Investment Strategy:

The investment strategy for the portfolio is asfollows:

Asset Classes	Strategic Asset Allocation	Ranges
Cash	100%	n/a
Growth Assets	0%	n/a
Income Assets	100%	n/a

The Cash Fund is managed and priced using a fixed SAA or anyDAA.

The return to participants in the Cash Fund will be the asset class return adjusted for investment management fees and tax. Details of how unit prices are determined are contained in the Trustee's Crediting Rate Policy document. A copy of this policy document is available on www.westpacnzstaffsuper.co.nz.

7. Investment Profile – Defined Benefit Fund

7.1 Objective:

The objective of the Defined Benefit Fund is to provide consistent above average performance over the medium to long term.

In particular, the specific investment objective of the portfolio is to achieve a return, after tax and investment expenses, which:

- exceeds the rate of inflation by at least 2.0% p.a. (200 basis points) over each rolling ten-year period.

The investments of the portfolio will be diversified across a range of investment sectors subject to the Investment Mandates in Appendix A.

7.2 Investment Strategy:

The investment strategy for the portfolio is asfollows:

Asset Classes	Strategic Asset Allocation t	Ranges
Australasian equities	15.0%	6.5% to 26.5%
International equities	34.5%	27.5% to 47.5%
Other (Real assets)	10.5%	5.5% to 15.5%
New Zealand fixed interest	8.0%	3% to 13%
International fixed interest	23.0%	13% to 33%
Cash	9.0%	0% to 19%
	100%	
Growth Assets	60%	50% to 70%
Income Assets	40%	30% to 50%

A reactive approach is taken to Strategic Asset Allocation for this Fund. The detail of how unit prices are determined is contained in the Trustee's Crediting Rate Policy document. A copy of this policy document is available on www.westpacnzstaffsuper.co.nz.

Appendix A: Investment Mandates

1.1 General Requirements

The following requirements apply in respect of each of the Investment Mandates described below, and those Investment Mandates collectively.

Restriction on investments issued or granted by theBank.

As required by the Financial Markets Conduct Act 2013 (“FMCA”), the IIM must ensurethat:

not more than 5 percent of the net asset value of the Scheme's total assets at the time when an investment is made are invested in securities (including other investments that are in-house assets under the FMCA, but excluding interests in registered schemes, prescribed overseas schemes, ordinary course investments in registered bank category 2 products (e.g. term deposits and call accounts) and debt securities, and any prescribed category 2 products issued by registered bank subsidiaries) issued by the Bank or by any person associated with a Participating Company*.

"Associated" has the meaning given in section 12 of theFMCA.

Other investments that may be in-house assets under the FMCA include loans, investments, leases, and lease arrangements.

* Note that “the Bank” and “a Participating Company” have the same meaning as in the Trust Deed.

No borrowing

The IIM is not authorised to borrow on behalf of the Scheme and must ensure that no other manager borrows on behalf of the Scheme.

Voting and Other Decisions

The IIM must exercise, and/or use reasonable endeavours to have other managers exercise, any voting rights and make other discretionary decisions in the best interests of theScheme.

Notwithstanding the paragraph above, the IIM must exercise, and/or use reasonable endeavours to have other managers exercise, any voting rights and make other discretionary decisions in accordance with any directions of the Trustee as communicated to the IIM.

Derivatives Policy

Consistent with superannuation industry practice, the IIM may use or permit other managers to use futures, options, and other derivative instruments to assist with the effective management of the Scheme's assets. Importantly, these derivative instruments may not be used to gear the assets of the Scheme and may only be used to improve liquidity, control risk, enhance returns, and/or provide more cost effective exposure to certain asset classes or riskpremiums.

The IIM must obtain written explanation from the other investment managers regarding each investment manager's use of derivatives and the management of derivative risk and confirm that they are consistent with the Trustee's policy. The IIM must satisfy itself that the procedures and controls in place with it and the other managers are adequate and that there are risk management processes in place in relation to:

- the use of derivatives; and
- the purpose for which they are used.

Dynamic Asset Allocation (DAA) Implementation

WTW has been delegated responsibility for making DAA decisions (with the exception of currency hedging which has been delegated to the IIM) on behalf of the Trustee. Implementation of DAA decisions is the responsibility of the IIM (subject to receiving appropriate instructions from the Administrator).

The following controls apply to the Scheme's DAA programme (for each Investment Strategy):

- Tracking Error range of 2-4% to SAA;
- Maximum contribution to total risk budget of 15%; and
- Ongoing monitoring by WTW and reporting to the Trustee.

The criteria by which the performance of WTW's tactical positions will be assessed, is the performance (in terms of volatility and return) of the investment strategy including any DAA tilts, relative to that performance had the tilts not been introduced, over a 3 to 5 year period.

Changes in Investment Policies, Practices, and Profiles

If the policies, practices or profile of any pooled investment materially changes, then the IIM must consider whether the continued investment of the Scheme in that pooled investment is appropriate, and advise the Trustee of its decision, including whether any amendment to this SIPO may be required.

The IIM must not retain investments that are in breach of any restrictions in the Trust Deed.

Specialist underlying managers are regularly reviewed and monitored by the IIM. These managers may be added to or removed without notification to members and are current as at the date of this SIPO. This means that the identity and number of underlying specialist underlying managers may vary from time to time.

Sustainable Investment Guideline: Role of Environmental, Social and Governance Factors in the Westpac New Zealand Staff Superannuation Scheme

Responsible investment, including environmental, social, and governance considerations, are considered in the investment policies and procedures of the Funds as at the date of this SIPO.

1.2 Investment Mandate – Australasian Equities

Investment Vehicle:

The assets of this mandate shall be invested in a pooled investment vehicle or vehicles. The Trustee notes that the pooled investment vehicle currently utilised by the IIM is the Westpac Wholesale Strategy Share Trust ("WWSST").

The WWSST is a New Zealand registered and tax resident wholesale unit trust that qualifies as a Portfolio Investment Entity (PIE).

The IIM is the manager of the WWSST and currentlyutilises:

- Salt Funds Management Limited (accessed through investments in the Westpac Wholesale Australian Share No. 1 Trust),
- Harbour Asset Management Limited (accessed through an investment in the Westpac Wholesale Australasian Share No. 2 Trust), and
- Devon Funds Management Limited (accessed through an investment in the Westpac Wholesale Australasian Share No. 3 Trust),

as specialist underlying managers.

The IIM may also utilise the Westpac Wholesale Enhanced Cash Trust (managed by the IIM) to manage excess liquidity held in the WWSST.

Performance Objectives

The criterion by which the performance of the IIM and in respect of the Trust (or any pooled investments substituted by the IIM) and in respect of any DAA decisions collectively will be measured is set out below:

- A return (before tax and fees) over rolling three year periodswhich:
  1. Exceeds the return on the below composite benchmark by 2.0% perannum.
     - 75% S&P/NZX50 Gross Index
     - 25% Solactive Australia 200 Index (70% hedged to NZD on a before taxbasis)
  2. Is in the upper 40% of comparative investmentportfolios.
- The tracking error of the portfolio (measured over rolling three-year periods) is not expected to exceed 4.0% p.a.

Investment Constraints

- Implementation of the investment exposure is primarily undertaken by specialist fund managers. These managers will invest mainly in the ordinary shares of selected companies listed on the New Zealand and Australian Stock Exchange.
- Consistent with the derivatives policy on page 13, derivatives may be used in the investment vehicle.

1.3 Investment Mandate – International Equities

Investment Vehicles:

The assets of this mandate shall be invested in a pooled investment vehicle or vehicles. The Trustee notes that the pooled investment vehicle currently utilised by the IIM is the Westpac Wholesale Multi Manager International Share Trust (WWMMIST).

The WWMMIST is a New Zealand registered and tax resident wholesale unit trust that qualifies as a Portfolio Investment Entity (PIE).

The IIM is the manager of the WWMMIST and currently utilises:

- Legal & General Investment Management Limited (accessed through an investment in the Westpac Wholesale International Share No. 3 Trust),
- Mirova US LLC (access through an investment in the Westpac Wholesale Unhedged International Share Trust),
- Ninety One Australia Pty Limited (accessed through an investment in the Westpac Wholesale Unhedged International Share Trust),
- Northern Trust Asset Management Australia Pty Ltd (accessed through an investment in the Westpac Wholesale International Share No. 2 Trust),
- Schroder Investment Management Australia Limited (accessed through an investment in the Westpac Wholesale Unhedged International Share Trust), and
- T. Rowe Price Australia Limited (accessed through an investment in the Westpac Wholesale Unhedged International Share Trust),

as the specialist underlying managers.

The WWMMIST is an actively managed global equities fund with a focus on all country (ex-NZ and ex-Australia) equity markets.

The IIM may also utilise the Westpac Wholesale Enhanced Cash Trust (managed by the IIM) to manage excess liquidity held in the WWMMIST.

Performance Objectives

The criterion by which the performance of the IIM in respect of WWMMIST (or any pooled investment substituted by the IIM) and in respect of any DAA decisions collectively will be measured is set out below:

- A return (before tax and fees) over rolling three year periodswhich:
  1. Exceeds the return of the Solactive GBS Global Markets ex Oceania Large & Mid Cap Index (60% hedged on a gross of tax basis to NZD) by 1.4% perannum,
  2. Is in the upper 40% of comparative investmentportfolios.
- The tracking error of the portfolio (measured over 3 year rolling periods) is not expected to exceed 3% p.a.

Investment Constraints

- Implementation of the investment exposure is primarily undertaken by specialist fund managers. These managers will invest mainly in the ordinary shares of companies on a number of international stock exchanges.

- Consistent with the derivatives policy on page 13, derivatives may be used in the investment vehicle.

1.4 Investment Mandate – Other (Real Assets)

Investment Vehicle

The assets of this mandate shall be invested in a pooled investment vehicle or vehicles. The pooled investment vehicles currently utilised by the IIM are known as the Westpac Wholesale International Property Trust (WWIPT) and the Westpac Wholesale Property Trust (WWPT), (together "the Trusts"), and the First Sentier Responsible Listed Infrastructure Fund ("the FSRLI Fund").

The IIM is the manager of the Trusts and currently utilises Principal Global Investors and Salt Funds Management Limited as the specialist underlying managers.

FundRock NZ Limited is the manager of the FSRLI Fund and currently utilises First Sentier Investors (Australia) IM Ltd as the specialist underlying manager.

These are New Zealand registered and tax resident wholesale unit trusts that qualify as Portfolio Investment Entities (PIE).

Performance Objectives

The criterion by which the performance of the IIM in respect of the Real Asset options (or any pooled investment substituted by the IIM) and in respect of any DAA decisions collectively will be measured is set out below:

- Exceed the notional return of the benchmark portfolio over rolling three year periods, currently consisting of the following indices:

  - 33.3% Listed International Property - FTSE EPRA/NAREIT Developed Index (with net dividends reinvested) (139% hedged to NZD on a before tax basis);
  - 33.4% Listed Australasian Property – S&P/NZX All Real Estate Gross Index;
  - 33.3% Listed Infrastructure – FTSE Developed Core Infrastructure ex-Pipelines Net Total Return Index (100% hedged to NZD).

Investment Constraints

- Implementation of the investment exposure is undertaken by specialist fund managers.
- Exposure to 'real assets' is a means of aiming to generate growth oriented returns, with the potential for lower volatility than broader share market indices. Real assets generally include property and infrastructure investments in listed markets both in New Zealand and overseas and may include natural resources and commodity investments in both listed and unlisted markets.

1.5 Investment Mandate – International Fixed Interest

Investment Vehicles

The assets of this mandate shall be invested in a pooled investment vehicle or vehicles. The Trustee notes that the pooled investment vehicle currently utilised by the IIM is the Westpac Wholesale International Fixed Interest Trust (“WWIFIT”). This trust is a New Zealand registered and tax resident wholesale unit trust that qualifies as a Portfolio Investment Entity (PIE).

The IIM is the manager of the WWIFIT and currently utilises:

- Colchester Global Investors (Singapore) Pte. Ltd,
- Loomis, Sayles & Company, L.P., and
- Wellington Management Australia Pty Limited

as specialist underlying managers.

The IIM may also utilise the Westpac Wholesale Enhanced Cash Trust (managed by the IIM) to manage excess liquidity held in the WWIFIT.

Performance Objectives

The criterion by which the performance of the IIM in respect of the Westpac Wholesale International Fixed Interest Trust (or any pooled investment substituted by the IIM) and in respect of any DAA decisions collectively will be measured is set out below:

- A return (before tax and fees) over rolling three year periodswhich:
  1. Exceeds the return of the Bloomberg Global Aggregate index (100% hedged to NZD) by 0.75% p.a.
  2. Is in the upper 40% of comparative investment portfolios.
- The tracking error of the portfolio (measured over 3 year rolling periods) is not expected to exceed 3% p.a.

Investment Constraints

- Implementation of the investment exposure is primarily undertaken by specialist professional fund managers. These managers invest in a wide range of investment grade fixed income securities such as government, corporate, and typically other investment grade international fixed income securities.
- Consistent with the derivatives policy on page 13, derivatives may be used in the investment vehicle.

1.6 Investment Mandate – New Zealand Fixed Interest

Investment Vehicle

The assets of this mandate shall be invested in a pooled investment vehicle or vehicles. The Trustee notes that the pooled investment vehicle currently utilised by the IIM is the Westpac Wholesale New Zealand Bond No.1 Trust. This is a New Zealand registered and tax resident wholesale unit trust that qualifies as a Portfolio Investment Entity (**PIE**). The IIM is the manager of the Westpac Wholesale New Zealand Bond No. 1 Trust (“WWNZB1T”).

The IIM also utilises the Westpac Wholesale Corporate Bond Trust (managed by the IIM) to manage the corporate bonds exposure held in the WWNZB1T.

Performance Objectives

The criterion by which the performance of the IIM in respect of the Westpac Wholesale New Zealand Bond No. 1 Trust (or any pooled investment substituted by the IIM) and in respect of any DAA decisions collectively will be measured is set out below:

- A return (before tax and fees) which exceeds the return of the Bloomberg NZBond Composite 0+ Yr. Index by at least 0.50% p.a. over rolling three year periods.
- The tracking error of the portfolio (measured over rolling three-year periods) is not expected to exceed 1.5% p.a.

Investment Constraints

- Implementation of the investment exposure is undertaken by the IIM. The manager will invest mainly in a range of New Zealand fixed interest securities primarily issued by the New Zealand Government, local authorities, and corporate entities, and may use derivatives consistent with the derivatives policy on page 13.

1.7 Investment Mandate – New Zealand Cash

Investment Vehicle

The assets of this mandate shall be invested into a pooled investment vehicle or vehicles. The Trustee notes that the pooled investment vehicle currently utilised by the IIM is the Westpac Wholesale Enhanced Cash Trust. This is a New Zealand registered and tax resident wholesale unit trust that qualifies as a Portfolio Investment Entity (PIE).

The IIM is the manager of the Westpac Wholesale Enhanced Cash Trust.

Performance Objectives

The criterion by which the performance of the IIM in respect of the Westpac Wholesale Enhanced Cash Trust (or any pooled investment substituted by the IIM) and in respect of any DAA decisions collectively will be measured is a return (before tax and fees) which exceeds the return of the Bloomberg NZBond Bank Bill Index by 0.25% over rolling three year periods.

Investment Constraints

- Implementation of the investment exposure is undertaken by the IIM. The manager will primarily invest in securities of a short term nature such as bonds, bills, floating rate notes and mortgage backed securities, issued or backed by the New Zealand Government, local authorities, and corporate entities, and may use derivatives consistent with the derivatives policy on page 13.

Appendix B: Reporting Requirements

IIM Reporting

The IIM must prepare and submit to the Trustee, WTW, and the Administrator (as applicable), written reports as outlined below.

General:

As requested by the Trustee:

- details of its investment management structures, decision making processes and investment philosophies;
- details of investment personnel, including immediate notification of any material changes;
- such other information that is required by the Trustee to fulfil its responsibilities and which is reasonable to ask the IIM to provide.

Weekly:

By midday on the Thursday of each week (to the Administrator for any pooled holding of the IIM):

- the latest declared unit price for any pooled investment vehicle; and
- the number of units held at the close of business on the previous day for any pooled investment vehicle.

Monthly:

Within five business days of the end of each month to the Trustee (with input as required from the Administrator):

- the unit price at the end of the month for any pooled investment vehicle managed by the IIM, including percentage movement in the unit price since the previous month;
- the number of units held at the close of business on the last day of the month for any pooled investment vehicle managed by the IIM;
- market indices applicable to the asset classes utilised by the Scheme; and
- a brief market commentary.

Quarterly*:*

Within six weeks of the end of each quarter to the Trustee, with input as required from the Administrator:

- an overview and outlook of the investment and economic markets;
- a summary of the principal events affecting the investment performance of the last quarter;

- a report on compliance with the Sustainable Investment Guideline: Role of Environmental, Social and Governance Factors in the Westpac New Zealand Staff Superannuation Scheme and the IIM's Sustainable Investment Policy (including in particular, the exclusions set out in that Policy);
- details of the performance for each investment mandate relative to the agreed Performance Objectives (including attribution analysis);
- details of the performance for each Scheme Fund relative to the agreed Performance Objectives (including attribution analysis);
- details of the overall asset values as at the last day of the quarter;
- management fees (and any GST) deducted during the quarter under clause 16.1 of the IIMA;
- reductions in the management fees arising from the application of clause 16.2 of the IIMA; and
- taxes, costs, charges and other expenses charged under clause 17.1 of the IIMA and the extent to which they have been billed to the Trustee or deducted from the Portfolios.

Annually:

Within six weeks of the end of each Scheme financial year to the Trustee, with input as required from WTW and the Administrator:

- as for quarterly reporting;
- written explanation of investment strategy and performance suitable for inclusion in the Trustee's annual report to members.

IIM Liaison

The IIM undertakes to make its senior investment personnel available for attendance at all Trustee meetings, at times to be mutually agreed. In addition, the IIM agrees to make such personnel available to the Trustee for contact by telephone at any reasonable time.

WTW Reporting

WTW must provide to the Trustee within six weeks of the end of each quarter, a quarterly report outlining its market views and outlook. The report must also comment on the performance of the IIM, with respect to implementing the portfolio in line with investment strategy over the previous quarter. Such reporting should include any changes to WTW's rating (if available) of the managers used by the IIM.

WTW must also provide rationale for any DAA decisions made or retained during the quarter, as well report on any prospective DAA decisions.

Administrator Reporting

The Administrator must deliver to the Trustee, the IIM and WTW the following reports and information:

- The unit prices for each Scheme Fund at the end of the month;
- Monthly reporting to the Trustee confirming whether the Defined Benefit section of the Scheme has incurred a limit breach;

- Monthly report on implementation of rebalancing for the previous month;
- Details of the overall asset values as at the last day of the month;
- What rebalancing is required; whether it has occurred, and if not, then the proposed timing;
- Financial information for the previous quarter and the financial year to date including a full cash flow and balance sheet position;
- Full financial information and audit information/certificate (as appropriate) for the financial year; and
- other reporting as agreed with the Trustee from time-to-time.

No party which undertakes any reporting under this Appendix B will be responsible for any failure to provide that reporting in the manner and by the timeframes specified where this failure arises from the failure of another party to provide the reporting party (in the form and within the timeframes specified) with the information required to produce its reporting. However, in the event of any such failure from the other party, the reporting party will use reasonable endeavours to provide the required reporting by the required timeframes.

Appendix C - Limit Breaks

The Financial Markets Conduct Act 2013 requires reporting of material breaches of any limits in this document relating to either:

- The nature or type of investments that may be made; or
- The proportion of each type of asset that may be invested in (i.e., the SAA Ranges).

Materiality

Whether or not a breach of any such limit is material is determined at the discretion of the Trustee. In considering whether or not a breach is material, the Trustee will give consideration to:

- The nature of the breach;
- The cause of the breach, including whether or not the breach is the result of sharp short-term market movements;
- The size of the breach.

A breach of a Range resulting from market movements, which is corrected within 5 business days, will not ordinarily, be deemed material for limit break reporting purposes.

Monitoring process

The Trustee will monitor the Fund for compliance on a monthly basis, including reviewing:

- Reporting from the Implemented Investment Manager (IIM) certifying:
  - Compliance with the investment agreement or the governing documents of the investment product; and
  - Whether or not the IIM is aware of any breach of this SIPO.
- Reporting from the Investment Consultant regarding the asset allocation of the Fund's investments.

- Reports from the Administrator confirming whether the Defined Benefit section of the Scheme has incurred a limit breach.

Resolution and Reporting

Where the Trustee becomes aware of a breach, the IIM or the Administrator will be instructed to remedy the breach immediately.

Where the Trustee determines that a breach is material and that breach is not corrected within 5 business days, the Trustee will immediately report it to the FMA as specified in the Financial Markets Conduct Act 2013 and the Financial Markets Conduct Act Regulations 2014. Where a material breach is corrected within 5 days, it will form part of the quarterly reporting by the Trustee to the FMA.

Appendix D: Rebalancing between mandates and treatment of cash flows.

Rebalancing

Under the investment strategy:

- a passive approach is adopted to asset allocationdecisions.
- there will be asset pools as follows:
  - Australasian equities
  - International equities
  - Other (Real assets)
  - New Zealand fixed interest
  - International fixed interest – globalaggregate
  - Cash

In every asset pool (if applicable) DAA may be applied by WTW at itsdiscretion.

It is possible to determine the ‘Theoretical Percentage’ to be invested in each of the asset classes based upon the In-Tandem asset allocations and member funds invested. This is illustrated by the following example:

Example

Suppose that the total assets of the Scheme are $419m on any particular date. Suppose also that the most recently available account balances of In-Tandem members are asfollows:

Cash	$ 19m
Defensive	$ 59m
Moderate Balanced	$ 51m
Growth	$132m
High Growth	$ 94m

Total	$355m

The amount of the defined benefit section assets is therefore $64m, i.e., $419m less $355m. The proportion of the total assets of the Scheme attributable to each of the six portfolios is therefore as follows:

Cash	$ 19m	-	4.54%
Defensive	$ 59m	-	14.08%
Moderate Balanced	$ 51m	-	12.17%
Growth	$132m	-	31.50%
High Growth	$ 94m	-	22.43%
Defined Benefit	$ 64m	-	15.28%
	$419m		100.00%

The 'Theoretical Percentage' of assets to be invested in each of the eight asset class pools can therefore be calculated using the benchmark (or any DAA), allocations for the In-Tandem and Defined Benefit portfolios and the weightings calculated above.

Rebalancing Rules

Ideally, the actual percentage of assets in each asset class pool would always be exactly in line with the theoretical percentages.

However, because of market movements, investment choices by members and benefit payments, the actual asset allocation will never be precisely in line with the 'Theoretical Percentage' allocation.

Accordingly, it is necessary to adopt a set of rebalancing rules. In this regard, a compromise will need to be made between theoretical accuracy and practicalities. For example, at one extreme, the portfolios could be rebalanced daily such that the actual allocation each day is exactly in line with the 'Theoretical Percentage' allocation. However, such an approach would be impractical and involve unnecessary costs.

The rebalancing rules to be adopted are as follows:

Rebalancing – Between Investment Mandates

- At the end of each month, the actual asset allocation will be compared with the 'Theoretical Percentage' allocation.
- Rebalancing must be actioned by the IIM acting on the instructions of the Administrator between mandates in the following circumstances:
  1. if the actual asset allocation for a particular mandate/asset class differs from the 'Theoretical Percentage' allocation by more than 2%.
  2. if the total amount invested in Growth assets differs from the 'Theoretical Percentage' allocation to Growth assets by more than 4%.
- If rebalancing is required as a result of the above rules, then assets will be transferred between mandates so as to ensure that the mandates which fall outside the 2% or 4% tolerances are brought broadly into line with the Theoretical Percentage allocations.

Rebalancing – Within International Shares and International Bonds Investment Mandates

At the end of each month, the actual asset allocation for each Investment Mandate will be compared with the SAA stated in that Investment Mandate.

Rebalancing must be actioned by the IIM acting on the instructions of the Administrator in the following circumstances:

1. If the actual asset allocations of any of the Products used differ from the stated SAA (or any DAA) for that Product by more than 2%, so that the Products are broadly into line with their SAA (or any DAA).

Rebalancing – Cash Flows

It is noted that cash will be required on a regular basis to meet benefit payments. In addition, member contributions are received by the Scheme on a fortnightly basis.

The Administrator (currently Mercer N.Z. Limited) of the Scheme maintains a bank account (in the name of the Scheme) into which all contributions are deposited and from which benefits are paid.

The amount standing to the credit of this bank account is to be maintained at a fairly nominal level. Any excess funds are to be remitted to the IIM in order to maximise the Scheme's investment returns. If funds are required to meet benefit payments, then the IIM is asked by the Administrator to deposit funds into the bank account.

The following rules are to be adopted in relation to cash flows between the bank account and the IIM.

- Monies which are to be paid to the IIM should be transferred to the mandate which is most underweight, relative to the theoretical asset allocation;
- Monies which are required from the IIM to meet benefit payments should be paid from the most overweight mandate.

Applying cash flows in this manner will reduce the need for rebalancing of the mandates at the end of each month.

It should be noted that the Scheme's bank account is outside of the assets controlled by the IIM and as such, these funds do not form a part of the rebalancing rules.

Appendix E: Glossary of Terms used in this SIPO

Asset Classes	These are Australasian Equities, International Equities, Real Assets, New Zealand Fixed Interest, International Fixed Interest and Cash as described in Appendix A. Each Investment Profile has one or more Assets Classes. Asset classes can be divided into Growth Assets and Income Assets.
Bonds	A bond is a loan to a government or company who promises to pay the lender (being the investor) at some point in time. In return for the loan, the lender receives regular coupons or an income stream with the repayment of capital expected at the end of the investment. Bonds can be bought/sold to other investors i.e., they are tradable on the secondary market. Bonds are referred to as Fixed Interest.
Cash	Cash includes investments in cash and short-term fixed interest securities.
Duration	A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. **Duration** is expressed as a number of years. Rising interest rates mean falling **bond** prices, while declining interest rates mean rising **bond** prices.
Dynamic Asset Allocation (DAA)	Dynamic Asset Allocation is a process that seeks to constantly review, and if appropriate, adjust the asset allocation in response to significant mispricing in Asset Classes (typically two standard deviation events) with the expectation that reversion to fair value is likely over the medium term. The Regulator’s Guidance Note on SIPO’s dated November 2014 refers to Tactical Asset Allocation (TAA). The Guidance Note states that “Tactical asset allocation involves varying the actual asset allocation away from the benchmark asset allocation, to take advantage of short term market conditions”. The material difference with DAA is ‘short term” versus ‘medium term’.
Growth Assets	Broadly, those assets chosen for an expectation of capital gain e.g., equities, and real assets.
Investment Implementation Manager (IIM)	In this case, BT Funds Management (NZ) Limited. The IIM manages the investments, mostly through selecting and monitoring (and changing, where appropriate) one or more investment managers for each Asset Class. Many of the investment managers are related parties of the IIM, but the IIM must still regularly monitor and report on their performance compared to other managers.

Income Assets	Broadly, assets where the emphasis is on the income stream e.g., cash deposits and fixed interest; although the capital value of a bond will vary as its income stream varies from the current interestmarket.
Investment Mandate	There is an Investment Mandate for each Asset Class. These are detailed in Appendix A, along with policies of general application e.g. voting policy, derivatives policy. Investment Mandates typically have three components: ***Investment Vehicles*** (note that this SIPO lists the current vehicles and specialist fund managers, but they may be changed by the IIM at its discretion with subsequent changes to the SIPO, if necessary). ***Performance Objectives*** (set by the Trustee). ***Investment Constraints*** (set by the Trustee, but these may be varied if the profile of the Investment Vehicle changes, or the IIM elects to engage with another Investment Vehicle).
Real Assets	Generally, real assets are physical or tangible assets, which have an expected return stream linked to inflation (and hence deliver 'real returns') and encompass a wide range of potential investments including real estate, infrastructure, and natural resources (in New Zealand and overseas).
Rebalancing	Rebalancing occurs monthly at the level of the Investment Mandates. Additionally, rebalancing will occur to maintain the SAA (or any DAA) for the pooled investment vehicles/investment managers within those Asset Classes, which have more than one underlying pooled holding.
Shares	A share or equity is a security representing partial ownership of a company that is quoted or listed on a stock exchange. The Scheme (indirectly) invests in shares listed on the NZ Stock Exchange as well as in internationally listed shares, including emerging marketshares.
Strategic Asset Allocation (SAA)	Within each Scheme Fund/portfolio is an Investment Strategy that sets out its SAA. This always totals 100% and is made up of the various Asset Classes, chosen to fit the Objective of the particular Fund (its targets and appetite for risk). In this SIPO, the SAA is fixed for each Scheme Fund. Assets of each Scheme Fund are rebalanced periodically to maintain its SAA (or any DAA). SAA also occurs within an Investment Mandate where there is more than one investment manager or investment vehicle. These are rebalanced to the stated percentages by the Administrator.

Willis Towers Watson (WTW)	As part of implemented investment consulting, WTW provides strategic oversight and has delegation to decide on any DAA positions that it considers appropriate (which will be implemented by the IIM).