

Press Release

BT Funds Management NZ commits NZD200m, growing to 300m, to new Paris-Aligned Climate and Sustainable Investing Strategy – Index co-developed by Solactive, BTNZ, and L&G

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FRANKFURT AM MAIN – As the entire world watches heads of states' debates on effective actions against climate change at the UN Climate Change Conference (COP26), many investors want to take the initiative into their own hands. BT Funds Management (BTNZ), which is Westpac NZ's KiwiSaver and managed investment arm, has now committed NZD200m to a new Paris-aligned climate investing strategy managed by Legal & General Investment Management (L&G). The new product, which is in line with a 1.5°C scenario, tracks the Solactive L&G DM (ex AU-NZ) Paris-aligned ESG SDG Index. The index was developed in a joint effort between Solactive, BTNZ, and L&G.

The Paris agreement is recognized as one of the world's most significant conventions. Its main goal is to keep the increase of global average temperature below a critical threshold of 2°C. While this limit already poses a challenge to the global community, **BTNZ's** new product goes even further below the critical point of 2°C and accounts for a reduction of greenhouse gas emissions that are in line with a 1.5°C pathway. The underlying index, the **Solactive L&G DM (ex AU-NZ) Paris-aligned ESG SDG Index**, is an equity index including listed companies from developed markets (excluding Australia and New Zealand). It is designed to incorporate ESG as well as the UN's Sustainable Development Goals (SDGs) and to meet the strict EU Paris-aligned Benchmark requirements. To achieve its desired 1.5°C scenario, the index, from the start, reduces its average carbon emissions intensity against its benchmark by 50% and features additional year-on-year self-decarbonization of 7%.

In addition to its climate and highly rated ESG performing companies tilt, the index incorporates a broad ESG screening based on normative and sectorial criteria. More precisely, companies that do not comply with the UN Global Compact filter including labor, human and environmental rights, as well as companies deriving, among others, their respective revenue from coal, oil, and natural gases, are excluded from the index. Furthermore, companies with a low SDG-score, as evaluated by L&G and including environmental, social, corporate governance, and transparency criteria, are excluded from the index universe.

"Tackling climate change is, undoubtedly, one of the most challenging issues of our time, and with BTNZ's new climate investing strategy, investors receive a powerful tool to make the world a greener place. In addition to

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its climate focus, the often less regarded but equally important concerns of governance and social matters are also addressed in the strategy, rendering the product a holistic approach to ESG, and not only focusing on climate change. Working with BTNZ and L&G on this index was very productive, and we cannot wait to deliver more ESG strategies with them," comments Timo Pfeiffer, Chief Markets Officer at Solactive.

"We believe investing sustainably is a powerful way to achieve results both on and off the balance sheet. We believe that companies who follow that approach will contribute positively to the world in which we all live, and will also perform well financially over the longer term," comments Philip Houghton-Brown, Head of Investment Solutions, BT Funds Management NZ.

For more information please visit: <http://www.solactive.com>

Note to editors

About Solactive

Solactive is a leading provider of indexing, benchmarking, and calculation solutions for the global investment and trading community. Headquartered in Frankfurt, and, with offices in Hong Kong, Toronto, Berlin, and Dresden, we innovate and disrupt the status quo as the partner of choice for our clients.

The unique blend of our 250 staff's expertise in data, data science, financial markets, and technology enables our clients' continued success through the delivery of a superior experience, unique customization capabilities, and the best value for money available in the industry. With more than 18,000 indices calculated daily, we offer a full suite of solutions, including market-leading ESG and thematic indices.

As at April 2020, Solactive served approximately 450 clients across the world, with approximately US\$200 billion invested in products linked to our indices. Solactive is registered with ESMA as a benchmark administrator and is supervised by the BaFin.

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About BTNZ

BT Funds Management (NZ) Limited (BTNZ) manages all of Westpac NZ's investment funds, including the Westpac KiwiSaver Scheme and Active Series. BTNZ use a multi-manager approach to deliver strong risk-adjusted returns, by including a wide variety of investment processes and strategies in all funds, including the KiwiSaver funds. Each investment manager is an expert in a particular asset class - some are based in New Zealand, others are international.

BTNZ focuses on high-quality, insightful research to help manage the funds. It believes in being disciplined, diversifying broadly, and investing sustainably. It looks for investments that range across asset classes, securities, aligns with BTNZ's sustainable investment purposes and investing styles - locally and internationally. BTNZ's purpose is to help our people, our communities and our customers financially, to grow a better New Zealand.

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