

Sustainability reporting for the quarter ended 31 March 2022

ONEANSWER KIWISAVER SCHEME SUSTAINABLE INTERNATIONAL SHARE FUND

FUND DESCRIPTION

The Sustainable International Share Fund (the **Fund**) invests mainly in international equities with a focus on environmental, social and governance (**ESG**) considerations. Investments may include:

- equities in companies that are listed on a recognised stock exchange, and
- cash and cash equivalents.

The Fund aims to achieve a positive yearly return (after the fund charge and before tax) that over the long term outperforms the relevant market index, currently the MSCI World ex Australia Index with net dividends reinvested (New Zealand dollar) (the **Index**).

SUSTAINABILITY STRATEGY

The Fund invests in the ANZ Wholesale International Share – No. 5 Fund, an underlying single-asset-class fund managed by us. We have appointed Northern Trust Investments, Inc. (**Northern Trust**) as the external fund manager of this underlying fund. Northern Trust's investment strategy focuses on companies that:

- screen well on quality, including measures of profitability and return on equity
- have a low carbon intensity as measured by a company's carbon emissions compared to annual sales revenues
- have a high ESG score (that is, how well a company scores on environmental, social and governance factors), and
- score well on their ability to transition to a low carbon economy as measured by the low carbon transition score.

SUSTAINABILITY GOALS

We monitor and measure the Fund's performance against sustainability linked goals specific to this fund, on a quarterly basis. These goals are for the fund to have:



The following is a summary of the how the Fund performed against its sustainability linked goals for the quarter ended 31 March 2022.

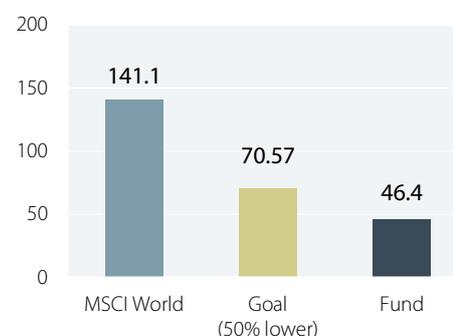
1. WEIGHTED AVERAGE CARBON INTENSITY¹

Weighted average carbon intensity represents a company's most recently reported (or estimated) Scope 1 + Scope 2² greenhouse gas emissions divided by sales in US dollars (tonnes CO₂ for every 1 million sales). This allows for comparison between companies of different sizes.

The goal is for the Fund to have a carbon intensity that is 50% lower than the Index.

In the quarter to 31 March 2022, the carbon intensity for the Fund was 67.2% below the Index at 46.4, versus the target reduction of 50% as a result of tilting towards companies that have a lower carbon intensity.

Weighted average carbon intensity



¹ Futures, cash and securities not covered by MSCI ESG manager have been excluded from this analysis and the remaining holdings re-weighted to 100%.

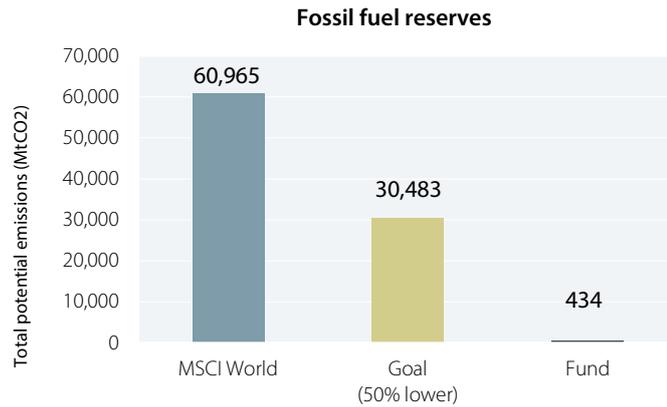
² **Scope 1 emissions** – Greenhouse gases are categorised into groups, or 'Scopes' by the Greenhouse Gas Protocol. Scope 1 covers direct emissions from sources owned or controlled by a company, e.g. a furnace or vehicle.

Scope 2 emissions – Scope 2 covers indirect emissions from the generation of electricity purchased by a company.

2. FOSSIL FUEL RESERVES

Fossil fuel reserves represents the potential greenhouse gas emissions of the fossil fuel reserves, (excluding metallurgical coal) owned by a company. It is calculated as the sum of the potential greenhouse gas emissions of the thermal coal, total oil and total gas reserves owned by a company.

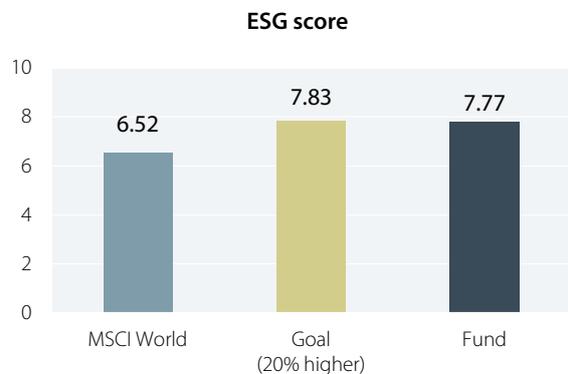
The goal in terms of fossil fuel reserves for the Fund, is to have fossil fuel reserves that are 50% lower than the Index. The fossil fuel reserves of the Fund were 433.9 versus the Index at 60,965.2. This is lower than the previous quarter due to divesting some companies in the Fund that had exposure to fossil fuel reserves.



3. ESG SCORE

The Overall ESG Scores represents the ESG Ratings Final Industry-Adjusted Score which indicates how well a company manages its most material ESG risks relative to sector peers on a scale of 0 to 10. For more information about how the ESG Ratings visit www.msci.com/our-solutions/esg-investing/esg-ratings.

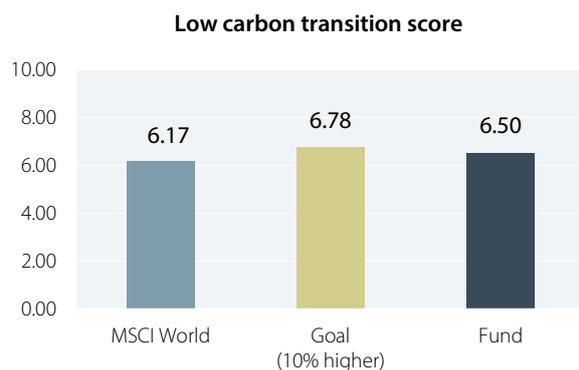
The goal for the Fund is to have an ESG score that is 20% higher than the Index. The Fund was slightly behind target, with an ESG score of 19% higher than the benchmark. The uplift compared to last quarter was due to increased weights in companies that have a higher ESG score. Over the long run, we expect the Fund to be in line with or exceed the goal as a result of tilting further towards companies with higher ESG scores.



4. LOW CARBON TRANSITION SCORE (LCTS)

This measures a company's level of alignment to the transition towards a lower carbon world on a scale of 0 to 10. Companies with a higher LCTS are more aligned with the transition.

The goal for the Fund is to have a LCTS that is 10% higher than the Index. The Fund is currently 5.5% higher than the Index, and we anticipate that over the long term the Fund will be in line with this goal as a result of tilting further towards companies with a high LCTS.



Important Information: ANZ New Zealand Investments Limited is the issuer and manager of the OneAnswer KiwiSaver Scheme. The guide and product disclosure statement for the OneAnswer KiwiSaver Scheme are available at anz.co.nz/oneanswer. Investments in each scheme aren't deposits in ANZ Bank New Zealand Limited, Australia and New Zealand Banking Group Limited, or their subsidiaries (together 'ANZ Group'), nor are they liabilities of ANZ Group. ANZ Group doesn't stand behind or guarantee ANZ Investments. Investments are subject to investment risk, including possible delays in repayment, and loss of income and principal invested. ANZ Group won't be liable to you for the capital value or performance of your investment.

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