

# Ethical Investment Policy

**KIWISAVER AND  
MANAGED FUNDS**

January 2023

Certified



Corporation



## About this policy

This document sets out our approach to ethical investing. This framework applies to our entire product range (both KiwiSaver and Managed Funds) and to all our investments (whether equities, fixed income or private assets).

It consists of both our high level investing philosophy and a practical guide for how that is implemented. We hope this document will be of interest to investors curious about Pathfinder's ethical investing approach.

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# Who we are

Pathfinder is a **certified B Corp** ethical investment manager in Aotearoa New Zealand. We launched our first fund in 2009 and our KiwiSaver Plan in 2019. We strive to make ethical investing accessible for New Zealanders, and to prove that you can both invest ethically and have great financial returns.

**Our Ethics Committee** is made up of key members of our team, and guest experts may also be invited for specific projects. The Committee is responsible for creating and maintaining this document and ensuring this approach authentically underpins our investment framework.

The role of **in-house ESG Analyst** is critical in connecting our ethical policy with our investment policy. Drawing on a wide range of sources (from ESG data, sustainability analytics, news reports and company disclosures) this role is responsible for assessing the ethical integrity of potential and current investments. View the About Us section of our website for details on our current ESG Analyst.

## What is ethical investing?

Ethical investing is the practice of using an ethical framework, based on principles, as a primary filter for how to select investments.

### PATHFINDER'S PRINCIPLES

*(what we think is right)*

**Think holistically:** *consider the broad impact of our decisions, insist on the rights of humanity and nature to co-exist in a healthy, supportive, diverse and regenerative way.\**

**Lead bravely:** *challenge and rethink the present whilst also imagining a better future.*

**Be change makers:** *favour momentum over inertia and optimism over despair.*

**Be good ancestors:** *work to leave things better than we found them.*

*\* Inspired by the Hannover Principle.*



Image: Kyle Myburgh

# The world we want: Vision and Mission

## OUR VISION

*(what we aspire to)*

For our investing to fund a lasting transformation to a **better** world.

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A world where people are free to make their own choices so long as they don't prevent others from doing the same.

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A world that values respect and equality, where there is prosperity, fair distribution of resources and the chance for all to thrive.

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A world free of animal cruelty.

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A world where the fine balance of all ecological systems is respected.

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## OUR MISSION

*(how to achieve our vision)*

To generate individual wealth and collective well-being by investing ethically.

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Image: Victor

# How we get there: Avoiding Harm

## EXCLUSIONS

*(included in full in Schedule 1).*

We want to avoid investing in industries or activities that create significant harm or that transgress our three filters (below).

Where appropriate, we prepare detailed **policy papers** for specific exclusions explaining the reasons for why we don't invest in these categories. If you would like to read these, please email us at [info@pathfinder.kiwi](mailto:info@pathfinder.kiwi) to request them.

The Appendix contains a comprehensive list including thresholds (learn about thresholds in our Glossary) of all our exclusions.

We have designed our exclusions around our three filters, with the intention of removing or avoiding investments that disrespect people, the planet or animals.

## OUR THREE FILTERS



## EXCEPTIONS

While we strive to ensure our investing always complies with our ethical approach, we accept that ethics are not binary, and our world is changing at a fast pace. There are two ways we monitor investments that clash with this policy.

### 1. Exceptions Register

We will maintain a register of investments that breach any part of this policy and record the compelling reasons the Ethics Committee have decided to continue holding the investment. [Refer to the Appendix for more detail on the Exceptions Register.]

### 2. Companies of Concern Register

We monitor investments and keep a record of companies where we see a risk of this policy being breached. This may be a company with a high "controversy" level, in which case it will be reviewed by the Ethics Committee.



# How we get there: Positive Investing

## ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE) METRICS

Because there's sound evidence that companies who address environmental, social and governance **(ESG)** issues perform better and are more resilient than companies who don't, we consider a company's ESG score as part of our investment process. We actively seek out high performing ESG companies (relative to industry).

It's worth noting that ESG data doesn't necessarily rate many of the 'real world' impacts of a company. This is why we don't consider ESG data alone as sufficient for making ethical judgements on potential investments.

As UNPRI signatories we are committed to incorporating ESG issues into our active ownership policies and practices across all assets. [Refer to Schedule Two for our declaration].

## POSITIVE INVESTMENT THEMES

To complement our ESG approach, we use **positive investment themes** to help guide our ethical investing. We tilt our portfolio towards companies whose operations align with these themes and that meet our financial investment criteria. This approach also gives us the opportunity as investors to promote and support the implementation of the Sustainable Development Goals.



Image: Tomas Sobek

## THEMES

### Renewable Energy

Energy used for electricity, heat, and transport makes up around three quarters of global emissions. To reduce emissions, we support renewable energy and innovative technologies around energy transmission and storage.

**SDG 7 – Affordable and Clean Energy:** *Ensure access to affordable, reliable, sustainable and modern energy for all.*

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### Energy Efficiency

Energy efficiency focuses on products/services, technologies, and infrastructure promoting lower energy consumption or greater efficiency. To support this we invest in companies like sustainable data centres, electric vehicle technologies and manufacturing.

**SDG 7 – Affordable and Clean Energy:** *Ensure access to affordable, reliable, sustainable and modern energy for all.*

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### Water

Humanity is facing a global water crisis – already 1 in 9 people lack access to safe drinking water. Access to safe water and sanitation is a basic human right, contributing to improved health and reduced spread of infectious diseases. We positively contribute to solving this worldwide crisis by investing in water related technologies – supporting water management, distribution, and conservation.

**SDG 6 – Clean Water & Sanitation:** *Ensure availability and sustainable management of water and sanitation for all.*

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### Community Housing Financing

We want an Aotearoa New Zealand where everyone has the opportunity to live in warm, dry housing and to be part of a flourishing community. We will support community housing projects that share this goal.

**SDG3 – Good Health & Wellbeing:** *Ensure healthy lives and promote well-being for all at all ages.*

**SDG11 – Sustainable Cities & Communities:** *Make cities and human settlements inclusive, safe, resilient and sustainable.*

### **Individual Positive Investments**

Where possible we look for investment opportunities that support our three filters. We tilt our portfolio towards investments that support human rights and healthy communities, biodiversity and climate action, and opportunities to support an end to animal cruelty.

**SDG1 - No Poverty:** *End poverty in all its forms everywhere.*

**SDG2 - Zero Hunger:** *End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.*

**SDG3 - Good Health & Wellbeing:** *Ensure healthy lives and promote well-being for all at all ages.*

**SDG4 - Quality Education:** *Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.*

**SDG5 - Gender Equality:** *Achieve gender equality and empower all women and girls.*

**SDG8 - Decent Work and Economic Growth:** *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.*

**SDG10 - Reduced Inequality:** *Reduce income inequality within and among countries.*

**SDG13 - Climate Action:** *Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.*

## **SUSTAINABLE DEVELOPMENT GOALS**

We support the **United Nations Sustainable Development Goals** (SDG's – see glossary) which act as a blueprint to help achieve a better and more sustainable future for all.

We aspire for our investment decisions to contribute to the SDGs and are committed to aligning our investment practices with the sustainability objectives of these Goals. This means we match (the goals to our investments) and monitor (where companies provide data) the impacts these companies are having on the realisation of these goals.

We are a **signatory to the UN Principles of Responsible Investment.**

*See Schedule One to view all of the SDGs.*



# Good Stewardship

## CLIMATE CHANGE & PATHFINDER

We support the transition to a low-carbon world as this will help to mitigate the effects of climate change (which we see as possibly the single greatest threat to the future of our society and ecosystems). We are committed to achieving net zero by 2030 as part of the B Corp Climate Collective, in partnership with the UNFCCC Race to Zero campaign.

We strive to select investments with lower than average emissions to drive down the overall emission profile of our investing. We will offset the residual carbon emissions that we are responsible for as investors in our KiwiSaver Plan – although we acknowledge that credits are a ‘distant second’ to our preference to reducing emissions. The cost of these credits will be 100% covered by Pathfinder Asset Management, with no extra cost to our investors.

LEARN MORE  
ABOUT HOW  
WE OFFSET  
[HERE](#)





## WE ARE ACTIVE OWNERS

**How we vote:** we believe ethical investors have a responsibility to influence corporate behaviour and promote change. We vote on resolutions at company meetings in line with our ethical beliefs and in a manner that we believe will enhance long-term value. We use a proxy voting service that provides research and guides our voting decisions. Key votes that we identify are also reviewed by us to ensure alignment with our policies.

**Engagement** means actively promoting positive change by companies. Our engagement will mostly be focused on New Zealand (rather than global) companies. We aim to focus on two or more themes annually that relate to our mission or vision.

**Advocacy** means actively encouraging ethical investment and awareness. This may be through media engagement, articles or presentations to public groups. We report on our advocacy, engagement and voting history in our annual Sustainability Report.

## OVERSIGHT

All investments that involve new companies (equities) or new offers (fixed interest) need to adhere to this policy. Our Ethics Committee meets regularly to review adherence via the monitoring of our investments undertaken by our ESG Analyst.

## MONITORING & DIVESTMENT PROCESS

To ensure our investments meet the criteria set out in this policy, our ESG Analyst monitors our companies for compliance with this policy at least quarterly. In the interim, they continually review data on reported ESG metrics, news alerts and qualitative research (such as industry surveys & interacting with the companies directly).

**If a breach is discovered it is brought to the Ethics Committee where it will be reviewed with consideration to the following:**

Does it breach our exclusions policy? (If yes, it is divested, unless added to our exceptions register – read more about that above).

**If the holding isn't excluded, but is in other ways inconsistent with our policy, we will review it with consideration to the following:**

- Will divesting it have a negative impact on the construction of our portfolio?
- Is it consistent with our vision/mission?
- Does it pass our three filters (respecting people, planet and animals)?
- Does it positively contribute to our themes for positive investing?

If the Ethics Committee unanimously answer “No” to more than 2 of the above, that company will be divested or else, in rare circumstances, added to our exceptions register (mentioned above & available for review upon request).

If a company is divested, it will be sold within a reasonable time horizon, depending on factors including transaction costs and liquidity when selling. Ideally, divestment of listed assets would take place within a week from the decision to divest being made by the Ethics Committee.



# Transparency

## HOLDINGS

Full Portfolio Holdings (see glossary for full definition) are available on the Disclose Register (learn more about this in our glossary).

We also recommend using the Check and Compare tool on the website [www.mindfulmoney.nz](http://www.mindfulmoney.nz) where you can check what your money is being invested in. Mindful Money is a New Zealand charity whose aim is to empower investors and make investment a force for good.

## SUSTAINABILITY REPORT

It's not enough to simply say we're trying, we want to achieve. Since 2021 we have produced an annual Sustainability Report reviewing the non-financial impact of our investment approach. We also report on outcomes of our charitable giving.

## THE IMPACT OF ETHICS ON RETURNS

As an ethical investor our investible universe will be reduced by applying our exclusions. This means there will be profitable investments that we turn down because they do not comply with our ethical considerations. The flipside is that we believe investments complying with this policy may well be of higher quality. Higher quality companies are likely to be better long-term investments, with the added benefit of avoiding causing harm.

## LET US KNOW WHAT YOU THINK

We take feedback seriously and engage with our members/investors who have concerns around any of our investments.

# Reviewing

This policy has been approved by the board and will be reviewed at least annually by our ethics Committee. Any changes will need to be approved by the board.

## OUR COMMITMENT

The team at Pathfinder want our members to know we take this policy very seriously. We recognise that any breach of it risks us losing our ethical credentials and the confidence of our investors. This is not something we're willing to jeopardise.



# Glossary of terms: our definitions of important concepts

## Certified B Corp

B Corps are businesses that meet high standards of social and environmental performance, accountability and transparency. Certified B Corporations, or B Corps, envision a better economic system where businesses can benefit people, communities, and the planet. They are recognised for choosing long-term investments over quick wins, and measure their success based on the positive impact they create. Pathfinder was the first Certified B Corp fund manager in New Zealand.

## Controversial Weapons

This covers any weapon that is prohibited under international treaties or conventions, like International Humanitarian Law (IHL). Weapons that fall under this category are things like cluster bombs and chemical or biological weapons.

These weapons, by their very nature, don't discriminate between military and civilian targets and therefore are illegal (according to IHL), even in conflict situations.

## Disclose Register

This is a government website where all fund managers are required to list their financial products. To use this free online tool you can go here: <https://disclose-register.companiesoffice.govt.nz/>  
Select: Search for an Offer and put Pathfinder in the issuer name field. From here you can view our Managed Funds and KiwiSaver Funds. You can view all important documents, such as our Product Disclosure Statements and all our holdings.

## ESG

Environmental, social, and governance (ESG) data measures whether a company has relevant policies, behaviour measurement and reporting in place. Environmental criteria consider how a company safeguards the environment, for example corporate policies addressing climate change, water usage and waste treatment. Social criteria examine how a company manages relationships with employees, suppliers, customers, and the communities where

it operates. Governance deals with a company's leadership, diversity, executive pay, audits, internal controls, and shareholder rights. ESG data allows investors to more accurately measure how risky a company is, but does not necessarily provide ethical insight into that company.

## Ethical Investing

Ethical investing is the practice of using an ethical framework, based on principles, as a primary filter for how to select investments.

## Fixed Interest

There are several categories of investments, the two main categories are considered to be 'equities' and 'fixed interest'. Fixed interest is debt investments, which is effectively money lent that must be repaid at some point. Bonds are examples of fixed interest investments.

## Global Industry Classification Standard or GICS

Designed as a way to categorise all major public companies, the GICS structure consists of 11 sectors, 24 industry groups, 69 industries and 158 sub-industries.

GICS is used as a basis for financial market indexes in which each company is, based on its principal business activity, assigned to four categories - a sub-industry, an industry, an industry group, and a sector. Basically, it allows fund managers like us to organise information and report on the companies and industries we invest in. For example Fisher & Paykel Healthcare is in the Health Care **Sector**, the Health Care Equipment and Services **Industry Group**, the Health Care Equipment and Supplies **Industry** and the Health Care Equipment **Sub-Industry**.

## Holdings

This refers to the contents of an investment portfolio. Portfolio holdings may encompass a wide range of investment products, including stocks, bonds, managed funds, options, futures, and exchange traded funds (ETFs - an Exchange Traded Fund - think of this as a bundle of investments which could include bonds, stocks or other assets within it).

### **Percentage Thresholds**

One of the ways we check if a company breaches our exclusions is if they make money from any of our excluded areas (like tobacco or alcohol).

To do this, we subscribe to data from specialist providers who report on where companies generate revenue from. Accessing this information can be extremely complicated with large international companies often having multiple revenue sources they don't fully disclose.

We use a low % threshold (5% to 10%) because we recognise we can't get 100% accurate data on all companies, at all times. We see this level as a threshold with integrity.

### **Positive Screening**

Ethical exclusions are negative in the sense that they mean we avoid investing in a company. Positive screening is the opposite – where we are looking to identify 'good' companies or sustainable investment themes to invest in.

### **Private Assets**

Investments that KiwiSaver providers and fund managers select will typically be assets listed on a stock exchange. It is possible – but generally more complicated – to invest in companies that are not stock exchange listed. These are called private assets. They are harder to buy, sell and to value, but often provide a different risk/return profile and greater real-world impact compared to listed companies. Examples of Private Assets that we sometimes invest in are the equity of unlisted companies.

### **Return (in an ethical sense)**

Return in an ethical sense can be measured in terms of harm avoided or a positive benefit (or change) created. The measurement can be quite general, such as not supporting capital flowing into an industry. Or it can be quite specific, such as generating a defined amount of renewable energy or supporting a shareholder resolution with an environmental focus.

### **Return (in a financial sense)**

A return is the amount of money an investment makes or loses over a certain period of time. This can be measured as a dollar amount or in percentage terms.

### **Risk (in a financial sense)**

Depending on context, 'risk' can mean (A) the probability of losing money or (B) the extent to which an investment value goes up and down (also called 'volatility'). As an investor, you need to consider what level of risk you're personally comfortable with. Talking to a financial advisor can help you to figure this out.

### **Equities**

Equities refer to a form of ownership, mostly liquid, in a company or a property trust. Owners of the equities would become shareholder of a company or have voting right over the property trust.

Pathfinder, as manager of the fund, gets to participate in annual or specific voting. [Pathfinder may disclose our votes to any ethics related decisions to our investors.]

Equities can generally be bought and sold and have a value that can go up and down over time.

### **Sustainability**

We define "sustainability" according to the 1987 Brundtland report Our Common Future: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

### **United Nations Sustainable Development Goals (UNSDG's)**

The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a "shared blueprint for peace and prosperity for people and the planet, now and into the future". The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by 2030.

### **UNPRI**

The United Nations Principles of Responsible Investment is a globally-recognised framework for responsible investing. A fund manager that commits to the UNPRI is called a 'UNPRI Signatory'. Each signatory commits to working together to implement the six aspirational principles.

**Our UNPRI declaration is below in Schedule Two.**



# Appendix

## EXCLUSIONS

### Regulation based exclusions:

These are exclusions based on New Zealand’s legal or regulatory settings, as well as international laws and conventions applicable to New Zealand. In practice, this means any company engaging in activities illegal under NZ law would be excluded. It also means that where NZ is party to an international convention restricting certain activities, companies that have revenues from that activity – even if legally operated – would be excluded.

### Social and environmental harm:

We exclude other industries or activities that we believe do more social or environmental harm than good. These exclusions are reviewed by our Ethics Committee.

Below is how we apply our exclusion policies to a range of industries and activities as at the date of this policy.

## RESPECTING PEOPLE BY PROMOTING HEALTHY COMMUNITIES

### WEAPONS:

Pathfinder excludes all investments in companies that earn any identifiable revenue from the production and/or distribution of controversial weapons and civilian automatic and semi-automatic firearms and their magazines or parts. We also exclude companies that earn beyond a revenue threshold of 5% from the production and distribution of conventional weapons and their components, or companies that are classified under the GICS system as defence contractors. This includes companies that provide support systems and services for conventional weapons. Lastly, companies providing services or products to the military that are not weapons related (for instance catering, non-military equipment etc) are excluded if their identifiable revenue from those customers is greater than 50%.

Activity	Application	GICS Classification	Revenue Threshold
Production and/or distribution of controversial weapons or the essential components of these weapons.	Companies directly involved in the production and/or distribution of weapons and their components listed as controversial.	No specific GICS classification	Any identifiable revenue from the activity above 0%/zero tolerance
Production and/or distribution of civilian automatic and semi-automatic firearms and their magazines or parts.	Companies involved in the production and/or distribution of civilian automatic and semi-automatic firearms and their magazines or parts.	No specific GICS classification	Any identifiable revenue from the activity above 0%/zero tolerance
Conventional Military weapons related revenues i.e. military weapons, equipment and/or services.	Companies that derive revenues from components of weapon systems, support systems, and services directly related to the weapon.	Classification as “Aerospace & Defense” for GICS Industry or GICS SubIndustry code	Any identifiable revenue from the activity above 5%
Non-weapons related revenue derived from military customers.	Companies that provide logistical services or non-weapons related products to military customers.	No specific GICS classification	Any identifiable revenue from these customers of > 50%

## ALCOHOL:

We exclude all investment in companies that earn revenue from the manufacture, distribution and sale of alcoholic products for consumption. The identifiable revenue threshold is 5% of gross revenue, as this is the reporting threshold used by our key data providers.

We believe alcohol is inconsistent with UN Sustainable Development Goal #3 Good Health and Wellbeing.

Activity	Application	GICS Classification	Revenue Threshold
Alcohol beverage production, processing, manufacture	Companies directly involved in the production of alcoholic beverages	Classification as "Brewer" or "Distiller & Vinter" for GIC Sub Industry code	Any identifiable revenue from the activity above 5%
Alcohol beverage sales	Companies involved in the sale of alcoholic beverages	No specific GICS classification	Any identifiable revenue from the activity above 5%

## CANNABIS:

The production or sale of cannabis for recreational purposes is currently banned under New Zealand law. For this reason, we will not invest in companies involved in the production of recreational cannabis, even if they are operating legally in another jurisdiction (for example Canada). We are not excluded from investing in cannabis for medicinal purposes. We believe that without careful regulation the recreational cannabis industry could conflict with UN Sustainable Development Goal #10 Reduced Inequalities.

Activity	Application	GICS Classification	Revenue Threshold
Recreational Cannabis production	Companies directly involved in the production of recreational cannabis products	Classification as "Recreational Cannabis" for GICS Industry or GICS SubIndustry code	Any identifiable revenue from the activity above 0%
Recreational Cannabis product sales	Companies involved in the sale of recreational cannabis products	No specific GICS classification	Any identifiable revenue from the activity above 0%



## ADULT ENTERTAINMENT:

While not illegal in most jurisdictions the potential for the exploitation of adults and minors makes this a high-risk area for us to invest in. We will not invest in any company with 5% or more of identifiable revenue from the production and/or distribution of adult entertainment material. We believe adult entertainment is inconsistent with UN Sustainable Development Goals #3 Good Health and Well-being.

Activity	Application	GICS Classification	Revenue Threshold
Adult Entertainment production	Companies directly involved in the production of adult entertainment products	Classification as "Adult Entertainment" by our in-house industry categorisation.	Any identifiable revenue from the activity above 5%
Adult Entertainment sales and distribution	Companies involved in the sale or distribution of adult entertainment products	No specific GICS classification	Any identifiable revenue from the activity above 5%

## TOBACCO:

Pathfinder excludes all investment in companies that earn any revenue from the manufacture of tobacco products. We also exclude companies that earn more than 10% of identifiable revenue from the sale of tobacco related products and services. This allows investment in retailers such as supermarkets as long as they have limited revenue from the sale of tobacco and related products.

Activity	Application	GICS Classification	Revenue Threshold
Tobacco production, processing, manufacture	Companies directly involved in the production of tobacco and vaping products	Classification as "Tobacco" for GICS Industry or GICS SubIndustry code	Any identifiable revenue from the activity above 0%
Tobacco product sales	Companies involved in the sale of tobacco products	No specific GICS classification	Any identifiable revenue from the activity above 10%

## GAMBLING:

We exclude investment in companies that earn revenue from gambling. We believe that gambling companies target vulnerable sections of society and the money extracted from those communities causes harm. We will not invest in companies that derive 5% or more of identifiable revenue from owning and/or operating gambling establishments. We believe the gambling industry is inconsistent with UN Sustainable Development Goals #1 No Poverty and #3 Good Health and Wellbeing.

## RESPECTING OUR PLANET

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### FOSSIL FUEL EXTRACTION:

We will not invest in companies that derive 5% or more of identifiable revenue from the exploration, extraction, conversion (with respect to thermal coal) or distribution of fossil fuels. We believe fossil fuel extraction is inconsistent with UN Sustainable Development Goals #7 Affordable and Clean Energy and #13 Climate Action.

### PALM OIL AND GMOS:

We will avoid companies whose operations are connected to palm oil production and use. We will also avoid genetically modified organisms (GMOs) which we acknowledge as a fast evolving and ethically complex area, with both potential for significant costs and significant benefits. We will continue to review GMOs but are not currently investing. We will not invest in companies that derive 5% or more of identifiable revenue from the commercialised production and sale of GMOs, or 5% or more revenue from the sale of palm oil and palm oil products.

## RESPECTING ANIMALS

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### ANIMAL TESTING:

We believe the world is moving away from accepting testing of products on animals and that companies should work to develop alternative forms of testing. This will include companies that test for both consumer products and pharmaceutical purposes. We believe animal testing relates to both UN Sustainable Development Goals #15 Life on Land and #12 Responsible Production.

Activity	Application	GICS Classification	Revenue Threshold
Animal Testing used for non-medical purposes.	Companies using animal testing.	No specific GICS classification	Any involvement in Animal Testing
Animal testing used in the development of drugs or treatments designed for human therapeutic purposes.	Companies using animal testing.	No specific GICS classification	Any involvement in Animal Testing

### FACTORY FARMING:

Any agricultural practice that relies on keeping animals in conditions that do not allow them to express normal behaviour is inconsistent with our ethical beliefs. We exclude livestock and poultry farming companies that use factory farming techniques. We are also not invested in any companies that farm fish. We believe factory farming is inconsistent with UN Sustainable Development Goals #15 Life on Land, #12 Responsible Production and #14 Life Below Water.



## **LIVESTOCK EXPORT:**

We will not invest in companies engaged in livestock export. We believe this is inconsistent with UN Sustainable Development Goals #15 Life on Land and #12 Responsible Production.

## **WHALING:**

We will not invest in companies involved in whaling and/or the processing of whale meat. We believe whaling and whale meat processing is inconsistent with UN Sustainable Development Goal #14 Life Below Water.

## **ANIMALS FOR ENTERTAINMENT:**

We will not invest in companies exploiting animals for entertainment (such as an ocean theme park). We believe these are inconsistent with UN Sustainable Development Goals #15 Life on Land and #14 Life Below Water

*Note: Companies can be excluded on either GICS classification OR revenue threshold.*

## **REGISTER OF EXCEPTIONIONS**

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On rare occasions we may invest in a company that does not strictly meet our exclusions criteria. This will only happen when one of the following two conditions applies:

### **1 - Acknowledging commitment: investing in business transition:**

A company may be in the final stages of a transition out of an excluded activity with a clear pathway to achieving that.

### **2 - Solving difficult challenges: Investing for change**

A company may be striving to transform an industry for the better, by driving innovation or significantly changing the accepted way that things are done. Making a transformative leap will sometimes require transgressing our exclusions to enable that change. We may, on rare occasions, consider investment to support such change.

Any company fitting our exceptions categories will be individually assessed and agreed by our Ethics Committee. A register of such companies, and the rationale for investment in them, will be kept and made available to our investors. Please email us at [info@pathfinder.kiwi](mailto:info@pathfinder.kiwi) to request them.

# Schedule One

## THE 17 SUSTAINABLE DEVELOPMENT GOALS TO TRANSFORM OUR WORLD:

The United Nations Sustainable Development Goals (SDGs) are a blueprint for achieving a better and more sustainable future for all. They address key global challenges, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The full list of Sustainable Development Goals is set out below.

- GOAL 1:** No Poverty
- GOAL 2:** Zero Hunger
- GOAL 3:** Good Health and Well-being
- GOAL 4:** Quality Education
- GOAL 5:** Gender Equality
- GOAL 6:** Clean Water and Sanitation
- GOAL 7:** Affordable and Clean Energy
- GOAL 8:** Decent Work and Economic Growth
- GOAL 9:** Industry, Innovation and Infrastructure
- GOAL 10:** Reduced Inequality
- GOAL 11:** Sustainable Cities and Communities
- GOAL 12:** Responsible Consumption and Production
- GOAL 13:** Climate Action
- GOAL 14:** Life Below Water
- GOAL 15:** Life on Land
- GOAL 16:** Peace and Justice Strong Institutions
- GOAL 17:** Partnerships to achieve the Goal



# Schedule Two

## OUR PRI DECLARATION

As part of our commitment to ethical investment, Pathfinder is a signatory to the UN Principles of Responsible Investment (UNPRI), which relate to the Sustainable Development Goals.

The UNPRI are a set of six investment principles for incorporating environmental, social and governance issues into investment practice.

These principles are voluntary and aspirational (providing a direction for responsible investment efforts rather than a checklist with which to comply). The principles are intended to contribute towards creating more sustainable markets and a more prosperous world for all. The UNPRI encourages investors to use these six principles to enhance returns and better manage risks:

- 1. To incorporate ESG issues into investment analysis and decision-making processes;**
- 2. To be an active owner and to incorporate ESG issues into Pathfinder’s ownership policies and practices;**
- 3. To seek appropriate disclosure on ESG issues by the entities in which Pathfinder invests;**
- 4. To promote acceptance and implementation of the principles within the investment industry;**
- 5. To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles of Responsible Investment;**
- 6. To report on Pathfinder’s activities and progress towards implementing the Principles of Responsible Investment.**



# Pathfinder

Grow wealth & well-being

Level 37, PwC Tower  
15 Customs Street West  
Auckland 1010

PO Box 2673  
Auckland 1140

Email: [info@pathfinder.kiwi](mailto:info@pathfinder.kiwi)

Freephone: 0800 (ETHICAL) 384 4225  
Auckland: 09 489 3802

Pathfinder Asset Management Limited is the issuer of the Pathfinder KiwiSaver Plan and Pathfinder Investment Funds. Product Disclosure Statements for the offers are available at [pathfinder.kiwi](https://www.pathfinder.kiwi)