Pie Funds

Pie Funds Management Scheme and Pie KiwiSaver Scheme

Responsible Investment Policy

DATED 5 DECEMBER 2023

Issued by Pie Funds Management Limited

MAR-4618

This policy applies to the Pie Funds Management Scheme and Pie KiwiSaver Scheme *(formerly known as the Juno KiwiSaver Scheme) (together the "Schemes").*

1 Introduction and Purpose

This policy describes Pie Fund Management Limited's (**Pie Funds**) approach to integrating, managing and reporting Environmental, Social and Governance (**ESG**) matters within its investment process. For clarity, this means the investment process governing the Schemes.

Pie Funds' portfolio managers are responsible for day-to-day integration of ESG matters into their investment process. However, Pie Funds remains accountable for overall investment activity, including appropriate integration of ESG matters.

The purpose of considering ESG matters in Pie Funds' investment process is:

1. **For clients**, delivering better risk-adjusted returns over the longer-term while providing deeper insight to their investments;
2. **For the investments team**, adding value to their research, portfolio-management and risk-management; and
3. **For regulators, advisers and stakeholders,** demonstrating genuine effort to incorporate ESG matters into investment decision-making.

2 ESG criteria and the investment process

ESG risks are typically and incorrectly regarded as 'non-financial' risks. For investment managers, if a risk does not have an immediate or eventual financial impact, it is not a risk. ESG risks are more correctly regarded as latent financial risks, as they often require specific analysis to identify and understand.

3 Policy statements

Pie Funds will:

a) have an ESG policy which is public and reviewed regularly by the Responsible Investment Committee;

b) integrate ESG matters into the investment process for Pie Funds (meaning all Scheme funds, for which Pie Funds is the investment manager).

c) not directly invest in companies whose principal business activity is as follows (as defined by sources including but not limited to GICs Codes; external research providers or fundamental research by Pie Funds portfolio managers):

- manufacturing cluster munitions and anti-personnel mines
- manufacturing or testing nuclear explosive devices
- manufacturing of tobacco
- offering gambling, including online gambling
- manufacturing of firearms
- production of pornography or generating more than 5% of annual revenue from distribution of pornography
- cultivating, manufacturing or supplying cannabis plants or products for recreational use as their main business
- providing support services for the recreational use of cannabis as their main business

- cultivating, manufacturing or supplying cannabis plants or products for medical, scientific or industrial purposed without appropriate licence or authorisation
- whaling
- any company that generates more than 5% of annual revenues from animals for entertainment
- any company that generates more than 5% of annual revenues from the mining or production of coal
- the exploration, drilling, mining and production of oil and/or gas on land or offshore, where those companies do not have a clear sustainability framework identifying material risks and mitigating actions that support credible carbon emission reduction targets.

Note, from time to time, we may have indirect exposure to some of the exclusions in 3c, for example via ETFs, which could eventuate in our portfolios in an immaterial way.

4 Review and update of this policy

This policy will be reviewed annually by the Responsible Investment Committee.

Schedule 1

Integrating ESG within Pie Funds' investment process

ESG risk and opportunity will be considered as part of Pie Funds' selection, sizing, management and exit of its direct investments in companies.

This will be done by:

1. Excluding (and if necessary divesting) companies affected by our exclusions (Policy Statements, clause 3c)
2. Considering ESG matters in research and recommendations for investments. This includes but is not limited to:
   a. ESG controversies' and breaches of the United Nations Global Compact (UNGC), as indicated in research tools provided by Sustainalytics. This incorporates but goes beyond Pie's exclusions (Policy Statements, clause 3c).
   b. ESG matters emerging as part of Pie's own company research.
3. Including ESG matters in the monitoring of existing company and manager holdings. Monitoring includes but is not limited to:
   a. New or developing 'ESG controversies' and breaches of the United Nations Global Compact, as indicated in research and analysis provided quarterly by Sustainalytics
   b. ESG matters emerging as part of Pie Funds' own monitoring.
4. Considering Sustainalytics ESG ratings for companies. Pie Funds will not directly invest in companies with a Sustainalytics ESG rating over 40 unless approved by CIO, following a recommendation from the Responsible Investment Committee. For any company with a rating over 40, the Portfolio Manager must write to the Responsible Investment Committee to request approval to acquire or hold with clear rationale for the investment decision and details of the company's plans to improve the score.