

Imagining Better

The Paris Agreement
Investing in Climate Action

Ethical Divestment
Caterpillar

Collective Power of the B
The Benefit Corporation

Sustainability Report 2024

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 www.pathfinderkiwi.com.

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Welcome to our 2024 Sustainability Report



About this report

Welcome to Pathfinder's Sustainability Report for 2024

We're looking back at the 2023 - 2024 financial year (1st April 2023 - 31st March 2024) and beyond in this report. A snapshot was taken on the 30th of June 2024 for data relating to all our investments (KiwiSaver and Managed Funds), and right up to November 2024, for other notable achievements.

Last year has seen hardship across Aotearoa with the cost of living crisis accelerating and extreme weather events escalating. Rising unemployment caused many to ask if the Reserve Bank waited too long to lower the official cash rate and begin signaling a change in circumstances for many struggling kiwis.

It can be difficult to care about others when meeting your own needs is a stretch. And yet, the Pathfinder KiwiSaver Plan managed to keep growing this year, we now have more than 10,000 KiwiSaver members who we believe want to save for retirement, ethically.

This growth is what keeps us able to move towards our vision for a better future; so in this year's report we're focusing on that vision and the things we do to help make it a reality.

In aid of a livable future, we review global warming and how our investing supports companies who take the Paris Agreement seriously.

We look at examples from our investments of socially considerate bonds – both green and orange – that restore wetlands and empower women entrepreneurs creating positive knock-on effects for the environment.

We tally up human rights policies, weighted average carbon emissions and how well we're doing in minimising investment in our excluded activities.

Our vision for a better future, our daily investing and this report, are all defined by how we're investing for the world we want, not necessarily the one we have.

Thank you for joining us, one person alone can do a lot, but a movement of people can change the world.

Note to reader: While not all the data in this report informs our investment decisions, we have included it because we think it is important that you know about the ethical characteristics of the companies you're invested in when you invest with us.



John Berry
Chief Executive Officer

CEO Letter

This year Pathfinder was privileged to be involved in Marlborough’s local Climate Action Festival. This included workshopping ideas for positive change in Marlborough from renewable energy to ecosystems.

This aligns people working in a small business with community groups and policy setters.

This brought to mind the process Pathfinder went through to create our vision, which you can see illustrated on [page 10](#).

Our vision was brought about by the Pathfinder team imagining what things could look like if we did our job really well – if our investing made a lasting transformation to a better world. We imagined –

The specific projects included wind power generation and bringing nature back into largely mono-culture plantings.

“A world that values respect and equality, where there is prosperity, fair distribution of resources and the chance for all to thrive... A world free of animal cruelty... A world where the fine balance of all ecological systems is respected.”

Reshaping the world’s future at a local or global level – and building hope - first requires having a vision of what that ‘better’ future may look like. Climate Action Marlborough have such a vision –

This view of a better world is way more than words, it gives a glimpse of the world we want. And inspires us to use our investing to get there.

“for a region that is thriving with biodiversity... sprawling with wildlife corridors... heaving with foodscapes... regenerative from the soil to the sky to the mountains to the rivers... filled with prosperous, healthy and thriving people, and organisations that are living as one community.”

Our sense of responsibility for a better world goes beyond our investing. As a business Pathfinder and our team put a lot of effort into sharing ideas and challenging thinking. We share ideas with community groups, other businesses and industries, students, and policy setters. In this Sustainability Report we bring to life some of our efforts to support our vision for a better future.

Having a vision for the future means you can focus efforts at an individual level to bring about that future.



Report highlights

01.

Launched our new giving program Champions of People, Planet & Animals.
(Page 40)

02.

Winning the Mindful Money Best Ethical KiwiSaver Award for the 4th year in a row.
(Page 45)

03.

Winning the Sustainable Business Network Transforming Aotearoa New Zealand Award.

04.

Recertifying as a B-Corp.
(Page 39)



Scorecard: How Pathfinder is tracking on key metrics

This table shows some key metrics in relation to Pathfinder’s business as a fund manager.

Topic	2021	2022	2023	2024	Comment
Donations to charity	\$101,950	\$279,391	\$459,383	\$531,571	This was the final year of our original charitable giving programme – see page 40 to learn about our new programme.
Amount we've invested in Green Bonds	n.a	\$727,570	\$103,583,035	\$110,463,820	Since launching our Green Bond Fund, we've been able to direct more capital into projects that fund positive environmental outcomes.
Amount we've invested in Orange Bonds	\$1,440,720	\$3,370,890	\$5,084,180	\$6,565,464	These are bonds issued to fund enterprises focused on advancing gender equality through investing in women-owned and women-led enterprises.
Listed companies we invest in that align with the Paris Agreement	28%	49%	45%	53%	This means they have committed to the Science Based Target Initiative to reduce their emissions in line with the Paris Agreement goal.
How much more we're invested in renewable energy (compared to the benchmark*)	3.7 times more	2.2 times more	2.1 times more	2.7 times more	This data comes from our PACTA Report – you can read more about this tool in Appendix A .

*iShares MSCI ACWI ETF; which covers approximately 85% of the global investible equity opportunity.





Our *Investible* Universe



Wayne Ross
Chief Investment Officer

CIO Letter

Ethical investing recognises it is possible to shape the future world through our investment choices.

At Pathfinder, we evaluate the financial metrics that fund managers typically consider, but our analysis does not stop there. We then consider a company's performance through an environmental, social and governance lens, as we believe that good corporate structures and behaviours contribute to a company's success. We also believe it is just as important to evaluate a company's business and actions relative to our stated values, principles and ethics.

This analysis means we can think deeply about the companies we include in our funds. We believe there is plenty of opportunity to build strong portfolios while having a positive impact and aligning with our principles.

However, investing isn't always easy and straightforward. Firstly, we recognise there is no one-size-fits all definition of values. Secondly, ethical investing means different things to different people, which is reflected in the fact that there is no industry standard approach. We may screen out and avoid investing in some companies that some investors, including you, may be happy to hold.

Or we may also invest in some companies that you personally might prefer not to hold. It's important to spend time understanding the type of companies your fund manager will invest in and whether their investment strategy aligns with your values. Thankfully the rise of ethical investing is helping enhance transparency at a company and fund manager level.

We view our annual Sustainability Report as a powerful chance to walk the talk when it comes to transparency.

We recommend keeping an open mind because it can be difficult finding investments which tick all your ethical and sustainability boxes. A little like entering any new relationship, you are not looking for perfection or agreement on every topic – rather something that feels like a good fit overall.

It is also important to remember that as an ethical investor you may not be invested in some types of companies, and sometimes entire sectors (learn more about this on [page 18](#)). This means that your portfolio will perform differently (better or worse) relative to the broad market and other less ethically-focused funds. We don't see this as a bad thing; it is just a reality of seeking the potential for both long term financial gains and positive environmental and social outcomes.



Our Vision

In 2022, Marjoelein Lips-Wiersma, Professor of Ethics and Sustainability Leadership at AUT, was kind enough to spend an afternoon with our team.

One of the stand outs was her suggestion for how to decide what our investing should try to avoid and what our investing should encourage.

She asked us to imagine the world 100 years from now, in this world our investing had made a difference; what does that world look like? Describe this, she said, and you'll have something to aim for. It would give us a lens to help decide what to invest in now to bring about that future world.

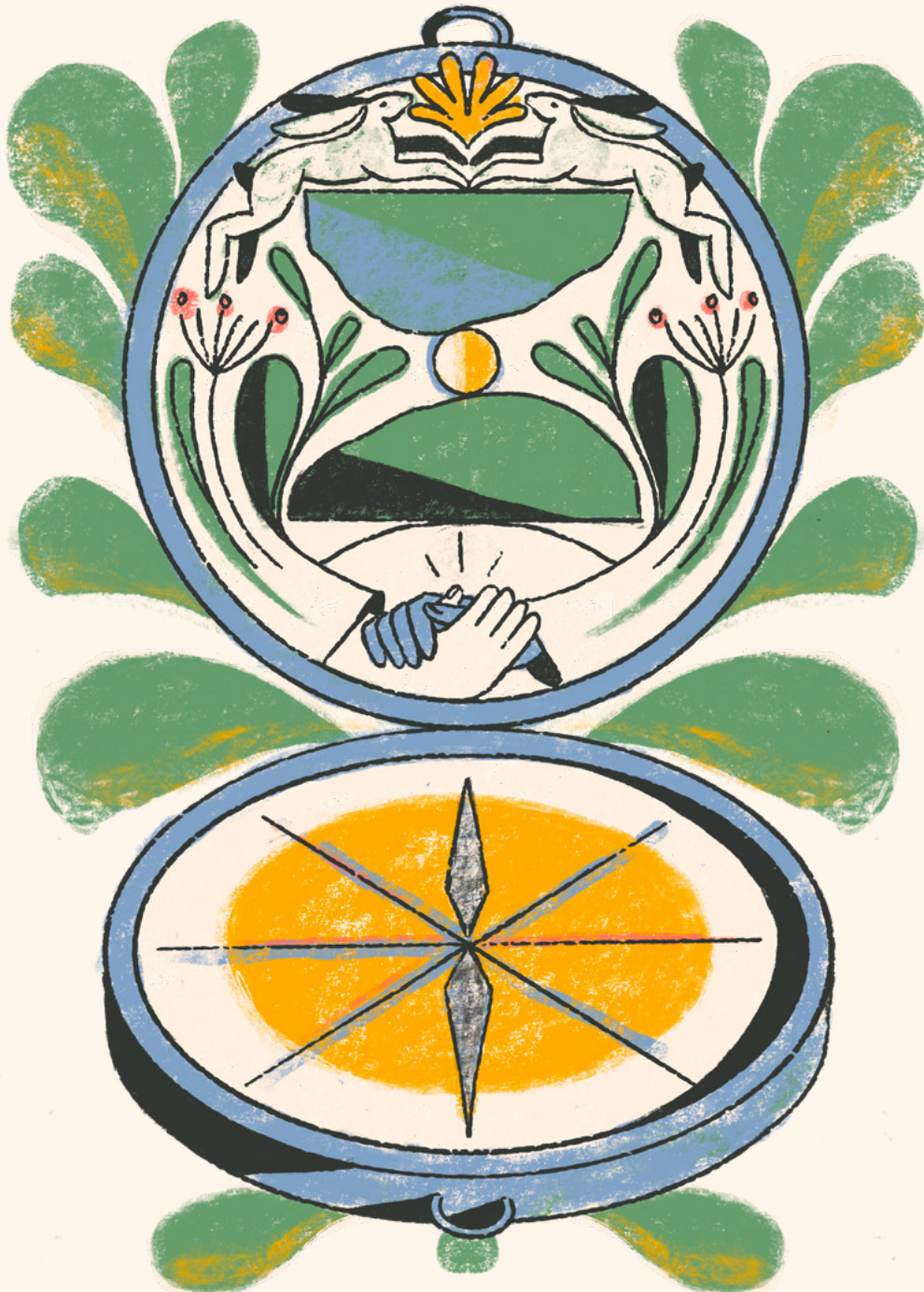
Here's what we came up with:
For our investing to fund a lasting transformation to a better world.

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

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

A world free of animal cruelty.

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





How we get to this future vision: What we seek to avoid

Exclusions: how we seek to avoid areas of concern

As ethical investors, our first step is to ask ourselves “what don’t we want to invest in?” The technical term for this is exclusions.

Here is a partial list of some of our exclusions which we group in relation to respecting people, our planet and animals (our three ethical pillars, that we view our investments through). A full list of exclusions along with greater detail on each exclusion (such as the type of activity, its application and if we apply a revenue threshold) can be found in our [Ethical Investment Policy](#) which was updated this year.

We cannot categorically say we do not hold investments in these excluded activities because, for example:

- We may not have transparency to all a company’s activities
- We may still invest in an excluded activity where the company’s revenue from that activity is small
- Or, we may have granted an exception to a company, reflecting the complexity of investing and ethical grey areas.

Exceptions are explained in this report, including a list of all currently granted {on [page 13](#)}. A register of exceptions is available [here](#).

✘ **Factory Farming**

✘ **Weapons**

We permit investment in companies that derive no more than 5% of identifiable income from the production and distribution of conventional weapons and their components. We allow investments in companies that earn no more than 50% of identifiable income from non-weapons related services or products to the military.

✘ **Gambling**

We will allow investments in companies that derive no more than 5% of identifiable revenue from owning or operating gambling establishments.

✘ **Alcohol**

We allow investments in companies that do not derive more than 5% of identifiable revenue from alcohol beverage production, processing, manufacture, or sales.

✘ **Adult Entertainment**

We permit investments in companies that derive no more than 5% of identifiable revenue from the production or distribution of adult entertainment material.

✘ **Fossil Fuel**

We permit investments in companies that do not derive more than 5% of identifiable revenue from the exploration, extractive, conversion (with respect to thermal coal) or distribution (except by rail) of fossil fuels. We can (and do) in exceptional circumstances permit investment in a company connected with Fossil Fuel - such exceptions are approved on a case-by-case basis by the Ethics and Investment Committee

✘ **Palm Oil & GMOs**

We permit investments in companies that derive no more than 5% of identifiable revenue from the commercialised production and sale of GMOs, or no more than 5% of revenue from the sale of palm oil and palm oil products.

✘ **Tobacco**

We allow investments in companies that do not derive more than 10% of identifiable revenue from the sale of tobacco related products and services.

✘ **Animal Testing**

Animal testing is a complex area for investing. We can (and do) in exceptional circumstances permit investment in a company connected with animal testing - such exceptions are approved on a case-by-case basis by the Ethics and Investment Committee.



A deeper dive into weapons

After identifying an activity we aim to exclude, we ask ourselves 3 additional questions to further clarify exactly what we're excluding, how we might identify it and to what extent we're excluding it.

Below is an example of how we approach our weapons exclusions so you can understand the complexities in avoiding certain activities.

1. What's the activity?

This means, what's the exact action we're aiming to avoid – because 'excluding weapons' is a broad term. It could exclude companies which 'produce' or 'distribute' weapons ranging across 'controversial weapons', 'conventional military weapons' and 'civilian automatic and semi-automatic firearms'. "Excluding weapons" could also exclude companies earning 'non-weapons related revenue derived from military customers'.

This last one is an example of Pathfinder going further than many by excluding companies who make more than 50% revenue from providing logistical services and non-weapons related products to military customers (think training or catering companies who primarily serve the military). This is us putting our money where our principles are because Pathfinder does not support violence, military threats or war as a means to resolve disputes.

2. What's its application?

This adds valuable detail on the ways a company might generate revenue from the excluded activity – for example, we describe the Application of Military Weapons as 'companies that derive revenues from components of weapon systems, support systems, and services related to the weapon'. As you can tell, this captures more than just the end weapon user, and encompasses companies that make parts of weapons too. Understanding the application can be particularly difficult when parts are made for civilian use which can also be used for military weapons.

3. Is there a revenue threshold permitted?

Finally, we can apply a threshold based on how much money the company makes from the excluded activity. Imagine a multi-billion-dollar company that makes money from multiple different activities (think a huge manufacturing company for example that might make everything from pipes for toilets through to hydraulic pumps for water tanks and airplanes). If that company makes less than 5% from military weapons production, that's the same as saying 'it's a small part, not a core part, of their business' and this makes them investible. Also note that less than 5% revenue for a company coming from a particular source may be hard to identify in publicly available information, including financial statements, which are not likely to separately disclose a small revenue stream.

[Learn more about this revenue threshold here.](#)

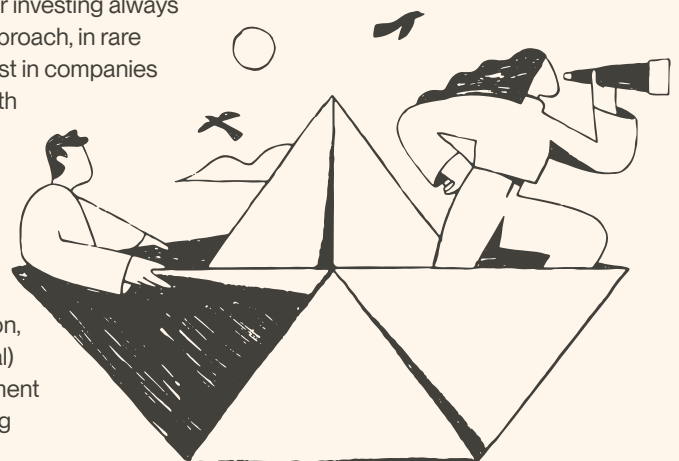
Exceptions

We often say that we're 'investing for the world we want, not the one we have' but it's worth pointing out we're still subject to many of the confines of the world we currently live in.

Exceptions are the technique we use to adjust for that.

While we strive to ensure our investing always complies with our ethical approach, in rare circumstances, we may invest in companies which do not fully comply with our ethical exclusions. This means we may need a compromise to achieve balance overall.

On the next page are three things we consider (Transition, Transformation and Financial) when our Ethics and Investment Committee consider granting an exception.





Transition:
Acknowledging a company's commitment to business transition.

Picture: Unjay Markiewicz

A company may be in the final stages of a transition out of an excluded activity, or intentionally take on other's environmental liabilities to transition them out of an excluded activity, with a clear pathway to achieving that. If we see leadership, commitment and a clear plan to transition from a company we may decide to invest in that company.

Transformation:
Investing for change.

Picture: Damir Omerović

A company may be striving to change an industry or process such that it transforms out of being an excluded activity.

Financial:
Portfolio construction imperatives.

Picture: Zdeněk Macháček

Our Investment Team may determine we are unable to create a portfolio with appropriate diversification and/ or risk return characteristics without including that company.

Out of hundreds of holdings, we have only granted a limited number of exceptions. This is an indication of how many excluded activities we've managed to keep out of our portfolio by using our rigorous approach to exclusions. Here they are in greater detail:

Date Exception Granted	Company Name	Area of Concern	Rationale for Exception
May 2024	Danaher	Animal testing (Medical)	Transformation: solving difficult challenges and investing for change. They endeavour to eliminate the need for animal testing in drug development through human cells and technology solutions with a high success rate.
May 2023	Contact	Fossil fuels (Generation)	Transition: acknowledging a company's commitment to business transition. Contact expects to move to 95% renewable by end of 2024, and 100% by 2026.
April 2023	Telix	Animal testing (Medical)	Financial: Portfolio construction imperatives. Testing is carried out according to appropriate ethical and scientific codes with ethics approval required.
August 2021	Polynovo	Animal testing (Medical)	Transformation: solving difficult challenges and investing for change. If successful, Polynovo products will result in much lower future demand for animal sourced surgical products. In addition, we believe Polynovo's synthetic product is also superior to current animal-based alternatives (lower infection and rejection risk).
August 2021	CSL	Animal testing (Medical)	Financial: Portfolio construction imperatives. The company develops and delivers a broad range of life-saving medicines to treat disorders such as haemophilia and primary immune deficiencies, and vaccines. Any testing must be approved by the company's Animal Ethics Committee with appropriate reference to the 3R's. Bioethical principles are also set out in the company's code and values.
July 2021	Fisher & Paykel	Animal testing (Medical)	Financial: Portfolio construction imperatives. F&P are in the healthcare industry and are required by law/regulation to undertake certain animal testing in relation to their products. The company supports further reduction of animal testing by funding and supporting research into alternatives such as physiological computer models.

Date: as at November 2024, an updated list of exceptions is available on our website.



Companies of Concern and Divestment

We monitor our companies on an ongoing basis because things change.

A company that once met all our criteria might revise a particular policy, change their practices, be involved in a controversy or otherwise cause us to become concerned they're no longer consistent with our ethical approach. We put such companies on our Companies of Concern Register.

How does a company get on the Companies of Concern Register?

We have a variety of ways this might happen, including being flagged by our data providers during our regular reviews, an article in the media, new disclosure by a company or a concerned member or other party emailing us.

What happens next?

Once a company is on the register our investment team will review it to determine whether it is consistent with our ethical policy – there are three potential outcomes:

1. It's not in breach & we continue to hold it. This might happen if the conflicting data or information sources are flawed or inconclusive. Or it's within a revenue threshold for an excluded activity (see our [Ethical Investment Policy](#) for detail on how these work).
2. It's in breach & we will divest it.
3. It's in breach & we will request the Ethics and Investment Committee to approve an exception for it (learn more about exceptions on [page 13](#)).

Example of a concerning company: Caterpillar

Caterpillar was flagged by [Mindful Money](#) for human rights violations (war and conflict) because their bulldozers had been reported to be involved in conflict-affected areas such as Gaza.

We listed Caterpillar on our Companies of Concern register in December 2022, ultimately deciding to retain it due to proximity – the company itself wasn't weaponising and demolishing homes in Gaza and we decided it wasn't accurate to hold them accountable for what people did with their products post purchase.

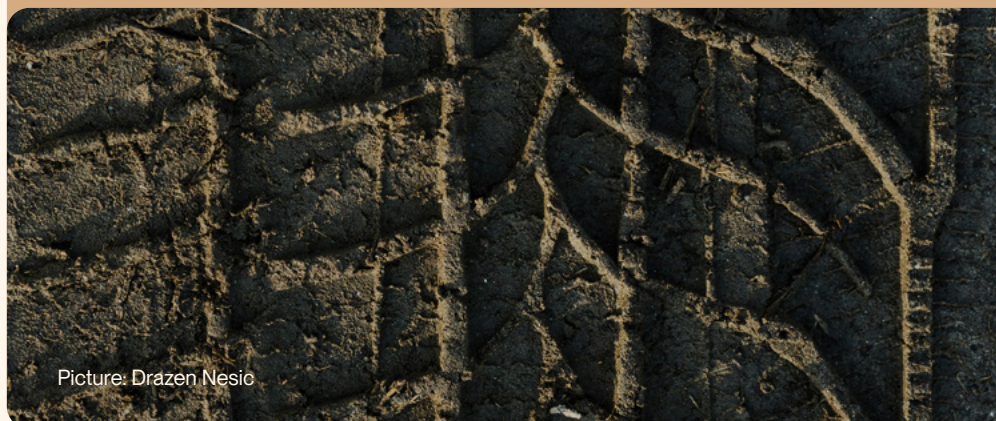
However, responding to heightened global conflicts and customer queries, our Ethics Committee reconsidered our position on 17 November 2023.

They reviewed the holding with consideration of 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?

Our Ethics Committee ultimately decided to divest Caterpillar on the basis that the holding did not meet at least two of these objectives. *The stock was divested three days later.*

Divesting is when we sell our shares in a portfolio company. As [active managers](#) we can pick and choose which companies we want to invest in and which ones we don't want to invest in. Please note that this example of divestment was from a previous version of our Ethical Investment Policy, which is why the process is different to the Divestment approach laid out above.



Picture: Drazen Nesic



How we get to this future vision: What we seek to include

Impact stories from Orange and Green Bonds



78%
of borrowers
are female

ORANGE BOND

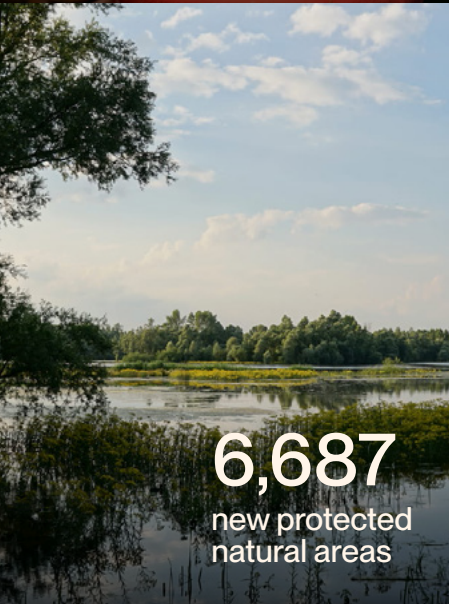
Pathfinder invests in series 5

A series of innovative gender-lens blended financial products that empower women and girls across multi-country and multi-sector portfolios.

Lenana Innovative Solutions Ltd (Lenana)

Lenana aims to bridge the gap between financing underbanked and underserved small-scale operators within the agricultural sector in Kenya. 78% of their borrowers are female. Lenana currently has a farmer base spread across Northern, Eastern, Western, and Coastal Kenya, focusing on several crops including tea and maize. Lenana provides affordable financing to low income farmers who lack adequate access to traditional financial services (such as bank loans). The company also equips women farmers with improved climate adaptive capacity through access to training in sustainable agricultural practices (that improve their yield despite ongoing pressures of climate change in Kenya).

Women's
Livelihood Bond



6,687
new protected
natural areas

GREEN BOND

Pathfinder invests in these via our Green Bond Fund and KiwiSaver Funds (which invest in the Green Bond Fund).

The Nadere uitwerking rivierengebied (NURG) national programme is delivered by the Dutch Ministry of Infrastructure and Water Management with the objective of creating new natural areas in the floodplains of Dutch rivers. Through 55 sub-projects, the programme has protected 6,687 of new natural areas including wetlands, bird habitats, sandy riverbanks and grasslands across the Netherlands. The projects target support for biodiversity – including migratory birds, beavers, otters, grasshoppers and other insects. The creation of these natural spaces also aims to increase the water-safety levels and decrease flood risk, providing additional climate adaptation.

Restoration
of Wetlands



The positive impact of private assets

A purposeful way to drive change in the world is investing in private assets that have a sustainability focus. In our KiwiSaver this comprises a small, but impactful, subset of our total investments.

A simple way to think about private assets is to think about what they are not. Most investing across KiwiSaver focuses on listed companies which are bought and sold on a stock exchange. These can be companies listed on New Zealand's stock exchange or elsewhere around the globe.

By comparison private assets are companies that are not traded on a stock exchange. This means they are harder to buy and sell, and the due diligence (research required) on them can be substantial and time consuming (because information is not publicly available).

The private companies we focus on tend to be smaller and purpose-driven to find solutions to local or global problems. Some solutions to local problems we have

invested in are Lodestone (renewable energy in New Zealand) and Sharesies (financial accessibility). Meanwhile some solutions to global problems are Mint Innovation (extracting metals from ewaste) and WoolAid (biodegradable bandages and plasters).

These examples in our KiwiSaver are investments that are shares in private companies. It is also possible to invest in the 'debt' of private companies – again this is not listed on a stock exchange. Examples here include social housing transactions (with Community Finance) and affordable housing (with Mike Greer Homes).

Pathfinder's mission is the duality of generating individual wealth and collective well-being. We believe that private assets can align perfectly with the 'good returns' part of our mission - we agree with the NZ Super Fund's expectation that private assets will deliver higher returns over the long term¹. Which is a perfect alignment given we believe they are also a powerful way to generate real and measurable positive changes in our world. They can be riskier because they may be early stage, having not yet proven they can produce their product and manage their business. You're buying

into a concept that you hope will succeed, and that's important, but it's different from investing in businesses that are already successful.

Aligned with this we have been engaging with the Government and other KiwiSaver fund managers to encourage more private asset investments supporting sustainability, innovation and economic growth for Aotearoa New Zealand.

LODESTONE ENERGY

Sharesies

mint **Wool Aid**

Community Finance.

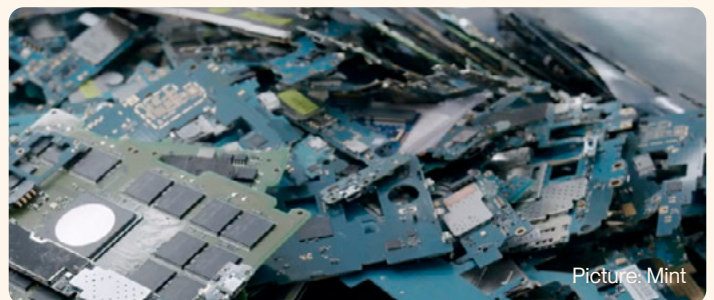
mikegreerhomes



Picture: Brooke Cagle



Picture: Wool Aid



Picture: Mint

¹ NZ Super Fund - Long Term Investing



The rules of investing & how we've forged our own path

Investing can be thought of like baking; if you want to bake a cake, there are certain things you will need – an oven, a cake tin and the cake ingredients.

The temperature, shape and size of the tin and the batter itself are all negotiable, but the first three are rules you have to follow or else you're not making a cake anymore, you're doing something else.

A similar logic applies to investing. Creating a managed fund or KiwiSaver fund has certain rules and structures you need to follow.

Here we look at two of these:

Rule 1: benchmarks:

The overall investible market of companies is categorised into sectors (or industries). Some funds will be made up of a bunch of different sectors (multi-sector funds). Other funds might only invest in a couple of sectors. A relevant fund benchmark will then be comprised of some or all of these sectors.

The benchmark is a point of reference against which we compare ourselves to measure whether we're performing well or poorly for both risk taken and returns delivered. As active managers the aim isn't to replicate the benchmark, instead, we get to make our own decisions – but to ensure our investors (you) can compare apples with apples, we select benchmarks with similar asset classes and sectors.

We use two references for our funds, one for 'financial performance' and one for 'ethical performance'. We use a financial benchmark to compare the returns of our funds. However, the financial benchmark doesn't always capture relevant ethical data comparisons.

So, for our ethical data, we use a different reference – the yardstick. When you look at the performance table on our website, you'll see our financial benchmark. Here, in this report, we will refer to our 'yardstick' (which we use to compare ethical performance).

For clarity, here are each of the comparators we use for our funds*:

Fund Name	Yardstick (used in this report)	Financial Benchmark (found in the performance tables on our website)
Global Water Fund	INVESCO Global Water ETF	NASDAQ OMX Global Water Index
Global Property Fund	FTSE EPRA Nareit Global Real Estate Index Series	FTSE Developed Markets REIT Index
Global Responsibility Fund	Morningstar Global Markets ex-Australia Index	Morningstar Developed Markets Index
Ethical Trans-Tasman Fund	Morningstar Australia New Zealand 50/50 Index	NZX50/ASX200 Gross Index
Ethical Growth Fund	Morningstar Global Markets ex-Australia Index	Morningstar Target Allocation Index: Growth Multisector for New Zealand
KiwiSaver Growth Fund	Morningstar Global Markets ex-Australia Index	Morningstar Target Allocation Index: Growth Multisector for New Zealand
KiwiSaver Balanced Fund	Morningstar Global Markets ex-Australia Index	Morningstar Target Allocation Index: Balanced Multisector for New Zealand
KiwiSaver Conservative Fund	Morningstar Global Markets ex-Australia Index	Morningstar Target Allocation Index: Conservative Multisector for New Zealand



* The financial benchmark for our Green Bond Fund can be found on our [website](#).



Rule 2: diversification:

How to get diversification: sectors or industries

Sectors are defined in different ways depending on context, we are using the 'Global Industry Classification Standard' or GICS. GICS defines a company based off the principal business activity.

There are 11 sectors that we can invest in as a way of diversifying our portfolio:

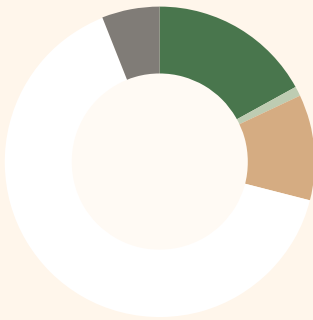
1. Energy
2. Materials
3. Industrials
4. Consumer Discretionary
5. Consumer Staples
6. Health Care
7. Financials
8. Utilities
9. Real Estate
10. Communication Services
11. Information Technology

For a full description of each of these sectors, check out Appendix B. Within each sector, there are sub-sectors, industries and sub-industries. These different classifications enable investors to be very specific in the areas they invest in. For clarity, we're discussing the 11 top-level sectors in this report only.

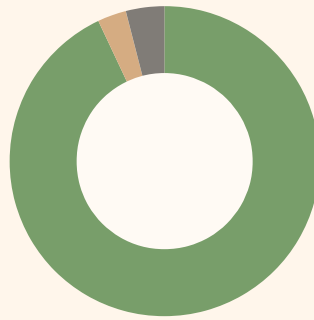
The graphs below show which of Pathfinder's Funds are made up of a range of assets from different sectors (think companies in different industries). This is a 'diversification strategy'. When our ethical exclusions mean we can't invest in one sector, we find opportunities in others. For our sector-specific funds (such as Global Property Fund and Global Water Fund), we diversify the fund in other ways, such as by geographic location or sub-industry.

The sectors our funds are invested in:

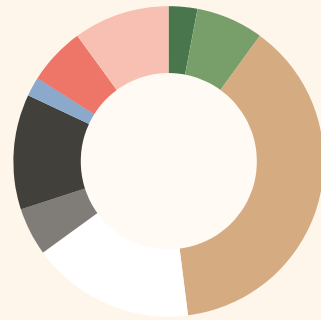
Global Water Fund



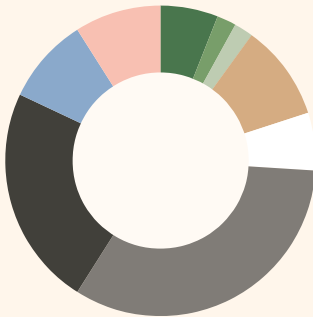
Global Property Fund



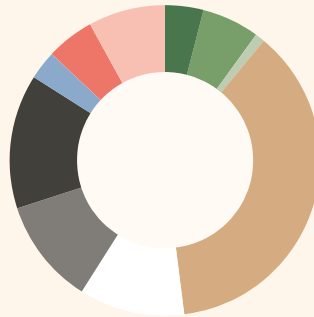
Global Responsibility Fund



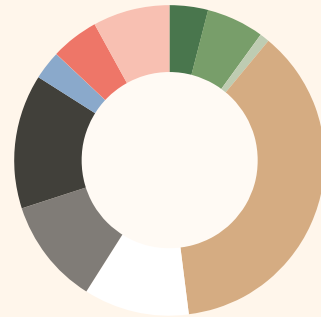
Ethical Trans-Tasman Fund



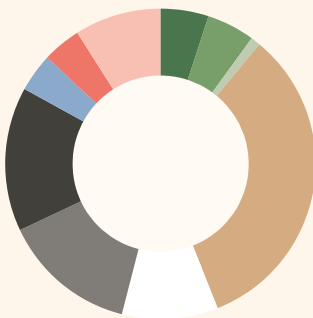
Ethical Growth Fund



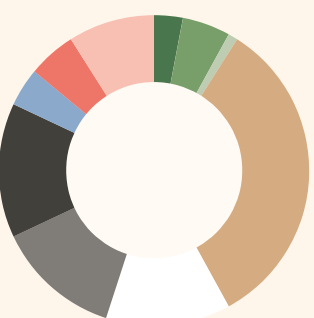
KiwiSaver Growth Fund



KiwiSaver Balanced Fund



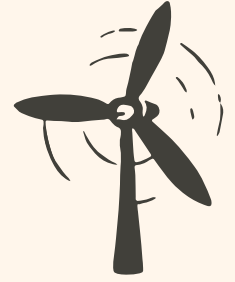
KiwiSaver Conservative Fund



* The above graphs only relate to our listed equities and listed property assets, which we refer to as listed companies. That is why our Green Bond Fund is not included here.



ESG isn't Ethical (on its own)



In the world of investing, ESG has become a buzzword, and not always for good reasons. We call ourselves 'ethical investors' not 'ESG investors' intentionally.

Here we want to dive a little deeper into exactly what ESG is (and what it isn't), how we use it as a tool to help achieve our ethical investing, and where its limitations are.

ESG (Environmental, Social, and Governance) refers to the integration of environmental, social, and governance factors into the investment decision-making process. These may identify risks embedded in a business which are seen as non-financial risks not captured by conventional financial analysis. This includes, but is not limited to, environmental factors, social factors and governance factors.

Environmental factors:

Evaluating a company's policies and practices concerning the environment, including its carbon emissions, waste management, energy and water efficiency, and conservation/biodiversity initiatives.

Social factors:

Assessing a company's approach to managing relationships with its employees, suppliers, customers, and communities. It includes considerations like labour standards, human rights, diversity, and community engagement.

Governance factors:

Examining a company's leadership structure, board independence, executive compensation, audit practices and shareholder rights.

Investors employ ESG criteria through various strategies:

Screening:

They may use negative screening to exclude companies involved in certain activities (e.g., tobacco, weapons) or positive screening to seek out companies with strong ESG practices or aligned with a particular objective (e.g. climate mitigation or enhancing access to potable water for communities).

ESG integration:

Investors may incorporate ESG risks and opportunities into their overall investment analysis and decision-making process. For example, by undertaking an ESG risk assessment and/or a climate scenario analysis, investors may find they are overexposed to certain regions that are at heightened risk of exposure to physical climate risk such as droughts or floods, and thus they would need to change their strategy to mitigate those risks. Inversely, investors might find that they are underweight or have no exposure to a certain industry or activity that will benefit from the climate transition, such as renewables. This would therefore prompt investors to allocate more funds into sustainability leaders that will help with decarbonisation efforts, and/or will benefit greatly from the transition.

Sustainability themed:

Some investors focus on investments that aim to achieve specific ESG goals or outcomes, such as clean energy or affordable housing.

Corporate engagement:

Investors may actively engage with companies to influence their ESG-related practices and policies.



By using all of these approaches, Pathfinder aims to meet its fiduciary duties of generating financial returns, while also considering the broader impact of our investments on society and the environment. In theory, this allows investors to align their portfolios with their values and potentially benefit from companies with stronger ESG practices, as these companies are less likely to be exposed to climate risks, and/or litigation and reputational risks for environmental or social harm.

Not quite what it seems

Much of the information forming the basis of a company's ESG rating is gathered by specialist data providers from that company's public disclosures. A company could get a high ESG score for publishing a policy on human rights in the workforce; but have no practices in place to ensure the rights of their workers are protected. Similarly, a company only has to disclose a commitment to emission reduction, or decarbonisation, they don't have to supply a credible pathway to achieve it.

For these reasons, ESG metrics on their own have been criticised as box ticking exercises that grant a company inclusion to some ESG mandates or indices. They can lead to unexpected results like cigarette manufacturers achieving relatively high ESG scores, despite their product negatively impacting communities and society.

Conversely, the same tools that larger and well-resourced corporations can use to 'massage' their real-world impact, may not be available or viable for well-meaning smaller companies. Yet those smaller companies may in fact be doing the right things, just on a smaller or harder to measure scale.

There are purpose driven companies whose work benefits society and the environment, but are too small, under-resourced or early in their development to produce extensive sustainability disclosures. These companies can have a poor ESG score or not be seen as a viable ESG option by investors because of the lack of published ESG metrics. Yet we may

see them as potential sustainability leaders. A good example of that would be SciDev. SciDev is a leader in environmental solutions focused on water-intensive industries. Its solutions allow clients to treat water for contaminants like PFAS, reuse water, improve operational efficiencies and reduce their environmental footprints. They deliver world-leading chemistry and water treatment technology with end-to-end support from specialist scientists and engineers. Pathfinder believes that the products and services SciDev offer have a significant place in the future of water and water technology. We also believe that they contribute towards a number of the United Nation's Sustainable Development Goals and offer innovative solutions at a time of global water crisis. However, because SciDev is a relatively small company, it does not produce any sustainability disclosures, and has limited policies publicly available. This results in SciDev having limited information or metrics available on data provider platforms, and no overall ESG rating from these data providers. Yet we see SciDev as a good investment on both financial and ESG grounds.

“Pathfinder's a bit different.

A lot of funds are defined by what they won't invest in. I like the fact that Pathfinder defines itself by investing in what can do good.

I want to be a part of that.”

Tara Satyanand is a Pathfinder KiwiSaver investor.





How does Pathfinder use ESG?

Here at Pathfinder, we are very clear about the benefits and limitations of ESG metrics; what they can and cannot tell us.

ESG metrics can be a useful tool to create a negative screen and exclude companies. At Pathfinder, we use ESG metrics for that purpose, and then we go further by holding ourselves to a higher standard (i.e. the thresholds in our Ethical Investment Policy are stricter than most of our peers in the industry, and with limited exceptions we aim to exclude more activities such as factory

farming, GMO use, and animal testing for both medical and non medical purposes). On top of looking at the ESG metrics from our data providers, which are based on companies' disclosures, we also take a values-based approach.

What this means is that:

1. We look for companies that are high quality, meet our ethical investment policy, fit within our 5 big themes and are within our target sectors (industries). Our 5 themes are: Healthy Planet, Healthy Living, Deglobalisation, Digitisation and Social Licence. You can read more about these in our [Ethical Investment Policy](#).

2. We investigate if the company is operating in a responsible manner (for example treating its employees well, and setting science-based emission reduction targets).

An example of ESG we value is whether a company has a human rights policy – although this doesn't indicate the quality of the policy, having one is certainly a step in the right direction. The table below shows the percentage of companies in our portfolio, by fund, that have a human rights policy.

Human rights policies

Fund	% Yes	Fund	% Yes
Global Water Fund	85%	Ethical Growth Fund	92%
Global Property Fund	86%	KiwiSaver Conservative Fund	89%
Global Responsibility Fund	93%	KiwiSaver Balanced Fund	89%
Ethical Trans-Tasman Fund	68%	KiwiSaver Growth Fund	89%

*The above data only relates to our listed equities and listed property assets, which we refer to as listed companies That is why our Green Bond Fund is not included here.

3. We investigate the companies and their leadership for any significant controversies. To do this we rely on external subscription data providers and also news outlets or research by NGO's. Sometimes we need to cross-check what we find directly with a company to ensure credibility.

We don't see having to divest a stock as a failure of our investing. Sometimes company practices change, or cultural norms change, or things come to our attention that we hadn't previously considered. We're proud of our record of taking companies of concern seriously. Divesting 'bad actors' is another distinction of our active ethical investment approach.

Our approach to ethically complex issues differs significantly from traditional fund managers and conventional ESG investors. While traditional fund managers may primarily focus on maximizing financial returns to fulfil their fiduciary duty, our methodology goes beyond this singular objective. We recognise that ethical considerations and long-term sustainability are integral to value creation and risk mitigation. Similarly, our process is more nuanced than that of typical ESG investors who might rely heavily on standardised ESG metrics provided by company disclosures and/or third-party data providers. We understand that raw ESG data, while valuable, can be limited in scope and may not always reflect the

full picture of a company's ethical stance or sustainability practices. Our analysis involves a more comprehensive and holistic analysis of companies' impact which align with both our fiduciary responsibilities and our commitment to driving positive change through ethical investing.

However, as an ethical investor, we aim to provide good returns to our clients and invest to bring about our vision for a better world, faster.





Stewardship & Voting – What is it, who does it and why does it matter?

Our managed funds and KiwiSaver own shares in companies. This gives Pathfinder the ability to vote at the annual meetings of these companies.

Publicly traded companies (companies listed on a stock market) report their activities to shareholders at their annual meetings. Shareholder voting rights often allow us to vote on things such as who should join the board, executive pay and ESG-related reports.

Pathfinder is able to vote over 2,000 times per year. Because of both the frequency of votes and the different markets we vote in (eg US market) we use a proxy voter called Glass Lewis. Glass Lewis votes on behalf of Pathfinder using a set of policies that consider future returns and minimise environmental, and social risks by supporting clear and effective governance policies.

Different voting decisions

Vote for	This is a vote 'for' the proposed ballot. It is a vote of approval for the proposal.
Vote against	This is a vote 'against' the proposed ballot. It is a vote in opposition to the proposal.
Abstain	This is one way Glass Lewis chooses not to vote. Glass Lewis will abstain from voting for a few reasons, mainly because they haven't been provided all of the information necessary to make a decision about a ballot within 21 days of the meeting.
Withhold	Sometimes Glass Lewis can't 'vote against' (for example if a nominee runs unopposed you can either vote 'for' or 'withhold' but not against. So they use this vote as a version of voting against.)
No Vote	No vote can be cast for a few reasons. In most instances where Glass Lewis chooses not to vote, there will be no decision required for a ballot. For example, when electing directors, there may be two seats available, but three candidates proposed. In this instance, Glass Lewis will vote or two candidates and cast a 'no vote' for the third.





Here's a snapshot of our voting data for the 2023-2024 Financial Year:

Voting Data

	Number of Votes Cast	Proportion of all voting opportunities
No votes cast	43	1.50%
Voted	2824	98.50%
Total ballots	2867	100%

Shareholder Proposals

	% of time we voted
Voted for	36.9%
Voted against/withhold	51.3%
Voted abstain	9.7%
No votes cast	2.1%

Management Proposals

	% of time we voted
Voted for	92.9%
Voted Against/withhold	5.5%
Voted abstain	0.1%
No votes cast	1.5%





What does it mean to vote ‘with’ or ‘against’ management?

Voting with management =

Voting in line with how management has voted

Voting against management =

Voting the opposite of management’s vote

(eg. if management votes against a ballot, but Pathfinder votes for that ballot, this would be counted as a vote against management)

Similarly, if Pathfinder votes for a proposal put forward by another shareholder, this would be counted as a vote ‘with’ the shareholder proposal.

Our proxy voting service records when we vote for or against management – but what does that mean? Here are some case studies looking at both versions:

Voting WITH management:

Icade

A French real estate company

Management asked for Shareholders to review their progress towards climate and biodiversity preservation goals.

If the Shareholders felt management had fallen short, Management were committed to addressing any short comings and improving – this would be reflected in a vote ‘against management’. If Shareholders felt management were tracking well – this would be reflected in a vote ‘with management.’

We voted ‘with management’ as did the majority of shareholders. The overall outcome was that their progress was positive, which shows the company is moving in the right direction in terms of their low-carbon transition targets. In comparison to their peers, Icade is incredibly comprehensive with their goals, targets, reporting and reducing their Scope 3 emissions.

Voting AGAINST management:

Oracle

A US cloud company

Management didn’t want to report on racial and gender pay gaps because they felt shareholders wouldn’t benefit from this information - we disagreed. We felt that this kind of reporting was becoming increasingly commonplace for large US corporates and would be a helpful indicator of Oracle’s positive human rights policy implementation.

And when compared to peers (eg. Salesforce) Oracle’s disclosure was found to be lacking in their pay reporting. To reduce racial and gender inequity we voted ‘For’ the shareholder proposal on increased reporting.

Unfortunately we were in the minority and the proposal did not pass.



We also have the ability to override Glass Lewis' recommendation and manually vote in each ballot if we disagree with Glass Lewis' conclusion.

Here are two examples where we made use of this:

The benefits and limitations of shareholder voting.

Benefit:

As a shareholder, Pathfinder gets a 'seat at the table', meaning we get the chance to vote for what we think is right. "Right" to us means in line with our Ethical Investment Policy and the ethical values on which the policy is based. We are privy to the honest internal workings of a company by way of shareholder resolutions and submissions.

Limitations:

If we are a minority shareholder, we can't ensure that what we vote for, wins. Many companies still prioritise short term revenue generation and reputational risk reduction over long term sustainability and wider stakeholder benefits.

Outcomes:

Despite not winning any of the votes in the examples given here, we can harness the information about a company and we may use it as part of our decision making process. Even when resolutions are not passed our vote alongside other shareholders can send an important signal to management. For this reason voting forms part of our ethical investing process. **Pathfinder is a signatory of the New Zealand Stewardship Code – please click [here](#) to view a report on our outcomes for the previous year.**

Voting manually:

A.O. Smith Corporation

About the company: A. O. Smith is one of the world's leading providers of water heating and water treatment solutions.

The proposal: A shareholder proposal was put forward that asked the board to report on whether the company's written policies or unwritten norms reinforce racism in company culture.

Glass Lewis recommended that Pathfinder vote 'against' this request for a report. They believed the company already takes reasonable steps to mitigate discrimination and inequality within its workforce. This includes disclosure statements on diversity, equity and inclusion initiatives and how they are promoting diversity within the organisation. However, in 2022 an employee filed a class action against the company alleging that his termination was a result of discrimination based on race. With this in mind, Pathfinder voted 'For' this report so the company could consider whether there is any discrimination within its culture or policies. This would then serve to mitigate this risk in the future.

Outcome: Note that the majority vote was 'Against' this report and it was not produced.

Nike Inc

About the company: Nike is the world's largest supplier of athletic shoes and apparel and a major manufacturer of sports equipment.

The proposal: A Shareholder proposal was put forward asking that the Company disclose its global median pay gap across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent.

Glass Lewis recommended that Pathfinder vote 'Against' this proposal, stating that although they acknowledge that inequitable compensation can cause workplace dissatisfaction and expensive and time-consuming lawsuits for the company, they find that Nike provides sufficient disclosure concerning the steps to ensure equal work for equal pay. Glass Lewis believed increased reporting on the gender/racial pay gap could lead to negative press, which may damage Nike's reputation. Pathfinder disagreed. In 2018 a class action lawsuit was brought against Nike by 4 women, who claimed that the company had engaged in systemic gender pay discrimination and ignored rampant sexual harassment. While Nike revamped the hiring policies in response to these lawsuits, female employees who were hired prior to this revamp were still subject to pay gaps totalling \$11,000 annually compared to male employees. Nike fought to keep this information private.

Outcome: Note that the majority vote was 'Against' this report and it was not produced.



Climate Crisis *and Us*



Where this all started



This topic can be overwhelming, so we wanted to try and provide an easy (ish) to understand snapshot of how we got here. Let's start at the beginning, when the lights turned on: Edison and Tesla.²

At the time, both men had completed their contribution to carrying energy into homes to bring light and power, and humanity was starting to develop its appetite for electricity and the things it powers. This appetite would grow without regard for the material or environmental costs to produce it such as the intense extraction, refinement and burning of fossil fuels and the carbon dioxide this releases.

It's important to remember this is the real ground zero – our dependency isn't on fossil fuels directly, but on all the things that are powered by or made using them.

Since we became accustomed to these new luxuries - lights, ovens, dishwashers, fridges, cars, and air travel - few people can imagine a world without them. And while society could have considered the environmental impact of the growth in demand for all these desirables and seen the obvious it seems only one person was notably cautious very early on – Albert Einstein. In **1929**, when addressing the

attendees at General Electric's Golden Jubilee, there to honour Edison on what would be the fiftieth anniversary of the first bulb he made that lasted through the night, Einstein said *"The great creators of technics, among whom you are one of the most successful, have put mankind into a perfectly new situation, to which it has as yet not at all adapted itself."*

Our understanding of how substances, namely greenhouse gases, accumulate in the upper atmosphere and affect Earth's surface was already developing decades prior.

As early as **1824**³ Joseph Fourier calculated that a planet the size of Earth, with our distance from the Sun, ought to be much colder. To explain this he proposed something in the atmosphere must be acting like an insulating blanket. In **1856**⁴, Eunice Newton Foote conducted experiments demonstrating that carbon dioxide and water vapor could absorb heat. She concluded that an atmosphere with more carbon dioxide "would give to our earth a high temperature". John Tyndall is often credited with discovering the greenhouse effect in **1859**⁵. He measured the infrared absorption of various gases, showing that carbon dioxide, water vapor and other gases could trap heat. And in **1896**⁶, a seminal paper by Swedish scientist Svante Arrhenius took Fourier's pondering further by predicting that changes in atmospheric carbon dioxide levels could substantially alter the surface temperature of the earth – he termed this

the "greenhouse effect".

Importantly, Arrhenius and others figured that the increase could be countered by oceans – assuming they would act as a store (commonly called a 'sink') for the carbon. Because of this they weren't too worried – not until much later, when they realised the amount of carbon being released was far more than the oceans could cope with.

Despite these dots being connected, we've had decades of governments, scientists, corporate leaders and journalists not agreeing on whether the globe was really warming. This long uncertainty and indecision sunk into the collective consciousness – suggesting there's a question, rather than a fact, at the bottom of the issue.

People have proposed the earth is warming at the usual rate; preparing for its next cycle swinging from cold to warm, which it does roughly every 100,000 years or so.

Yet, based on atmospheric samples collected from ice cores, compared to recently collected data measuring carbon dioxide levels in the air, we've charted an increase that surpasses every previous 'warm period' in the Earth's recent history. And it started around the 1800's when we first got a taste for large scale fossil fuel powered machinery.

² This section draws heavily on the book *The Parrot and the Igloo* by author David Lipsky.

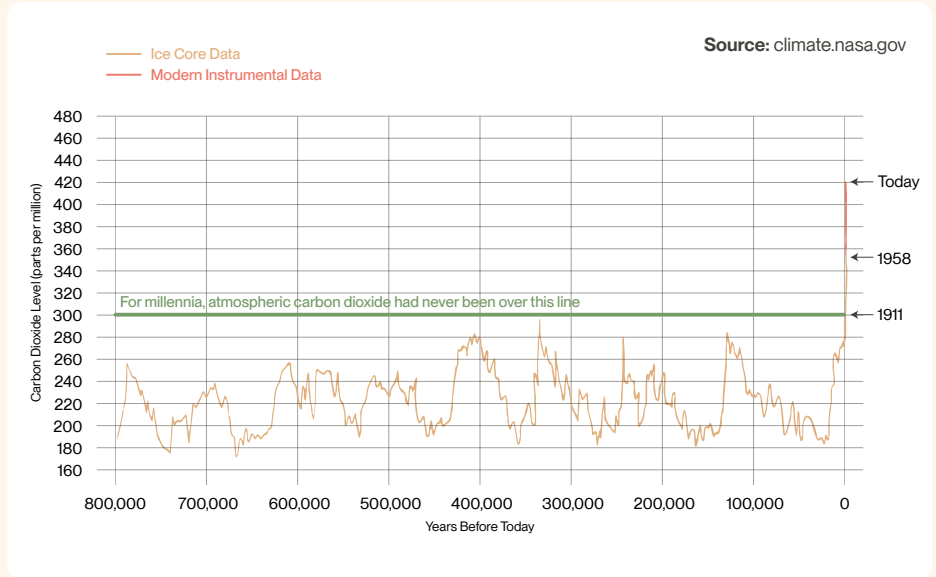
³ [History of Information - Fourier First Describes the Greenhouse Effect](#)

⁴ ⁵ [ASP News - Physics History August 1856](#)

⁶ [The Guardian - The Father of Climate Change](#)



Picture: This graph, based on the comparison of atmospheric samples contained in ice cores and more recent direct measurements, provides evidence that atmospheric CO2 has increased since the Industrial Revolution. Luthi, D., et al. 2008; Etheridge, D.M., et al. 2010; Vostok ice core data/J.R. Petit et al.; NOAA Mauna Loa CO2 record. NASA.



Global Warming⁷ has been described as the perfect unsolvable problem as it requires people to forego something today, for the betterment of those in the future. This intergenerational aspect makes it quite different to most other decisions made by governments, companies and individuals.

We know that things need to change, we know human ingenuity can drive lasting change and we know industry can be led by consumer demand. You can read about the B Corp movement (of which Pathfinder is a part) for an example of this in action on [page 39](#).

At Pathfinder, we don't shy away from doing hard things. Our members trust us to invest their retirement savings, in the form of our KiwiSaver Plan, over a long-term time horizon, in part because we've committed to harnessing the power of that accumulated capital to try and secure a livable future for all.

In the following sections we'll explain the carbon emissions of our investments, how we track it and how our emissions stack up to the yardstick. We'll also unpack some of the common terms related to global warming to help you feel calm and well-informed (rather than overwhelmed) for your investing decisions.



Picture: Arnaud Mariat

What is the Paris Agreement and how does it work?

To control the overall temperature increase of the planet from greenhouse gas emissions, the Paris Agreement was adopted by close to 200 countries in 2015. The goal of the agreement (an internationally binding treaty) is to hold the increase in global average temperature to well below 2 degrees Celsius above pre-industrial levels. The lower the temperature increase, the smaller the effects of climate change.

The Agreement includes commitments from signatory countries to reduce their emissions and to work together to adapt to the impacts of climate change. It calls on countries to strengthen their commitments over time. The Agreement provides a pathway for developed nations to assist developing nations in their climate mitigation and adaptation efforts while creating a framework for the transparent monitoring and reporting of countries' climate goals.

⁷ The term Climate Change took precedence over Global Warming because, for example, a Republican pollster called Frank Luntz suggested it was "... less frightening." As he explained: "... global warming has catastrophic connotations attached to it, climate change suggests a more controllable and less emotional challenge."

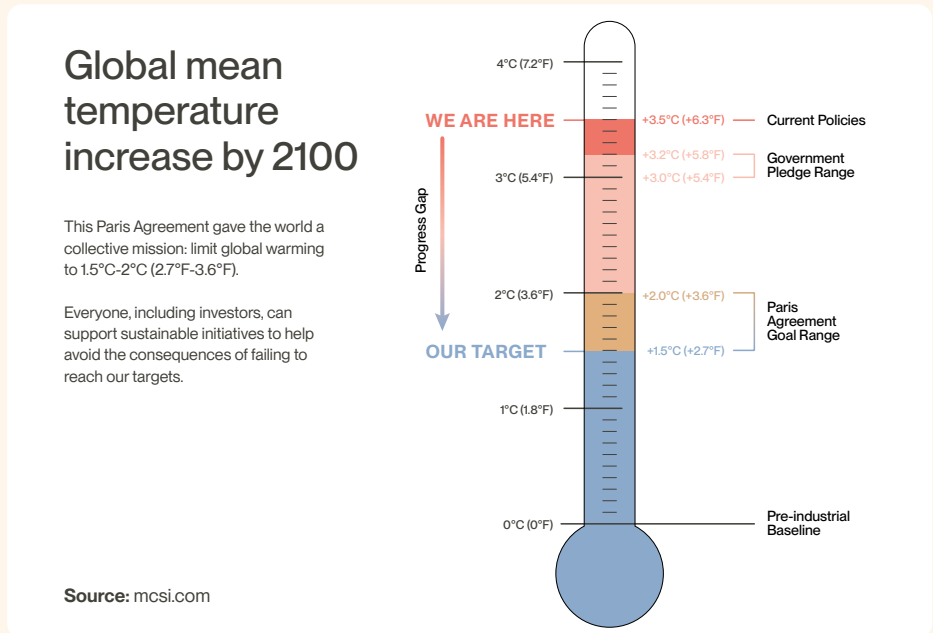


What does the world look like if we don't achieve The Paris Agreement targets and are we on track?

The Paris Agreement set out to limit the global average temperature rise in this century to well below 2 degrees Celsius, while pursuing efforts to limit the temperature rise to 1.5 degrees.

This graph shows the differences in likely temperature increases based on the differences between **what we're saying and doing now** (current policies and actions), vs **what we've said we'll do** (pledges only) vs what we've **legally agreed to both say and do** (pledges and targets).

Notably, even if you take the best of these three options and look at the likely scenario of pledges and targets (the option that yields the lowest temperature increase) it's still not enough to keep us on track for the 1.5 °C goal.



How our investing aims to achieve the goals set out in the Paris Agreement.

KiwiSaver Investments are the second largest source of the average kiwi's carbon footprint, after transport⁸. What you feed grows; by the same token, the companies and industries you invest in can benefit from your purchase of their shares. The company's share price increases with greater investor demand, this can be seen as an indicator of company success.

Because of this, we believe every investor (& fund manager) should make an active decision about whether they want to invest in a way that will support the goals set out in the Paris Agreement. While we think variety and freedom of choice is critical (and makes things interesting), without a livable planet there won't be investing – so decisions that materially impact the world we live in need to supersede preferences.

At Pathfinder, we strive to select investments with lower-than-average emissions to drive down the overall emission profile of our investing.

There's a wider value add here too, because companies who champion a climate-solution focus are more likely to:

- Support decarbonisation,
- Prioritise sustainable development, and
- Conduct themselves with authenticity and transparency

This is evidenced by the commitment to science-based targets having grown significantly over the years. By the end of 2023, over 6,000 companies had set science-based targets through the Science Based Targets initiative (SBTi).

This represents a remarkable 102% increase in the number of companies with science-based targets during 2023 alone compared to all previous years.⁹

We believe this makes them higher quality companies which in turn are likely to generate higher returns more sustainably. One reason for this is that they're likely to be involved in fewer controversies, such as lawsuits due to bad environmental stewardship. Companies who are mired in controversy can have huge litigation bills and suffer serious reputation problems making them less desirable to buy from or work for – this makes them bad for the environment and shareholders.

⁸ Mindful Money - Fossil Fuel free Funds

⁹ Science Based Targets - 102% growth in the number of companies with science-based targets fuelled by growth in asia



Weighted average carbon intensity of our funds (measuring the bad stuff).

We can't measure all emissions.

Using our current method, we are only able to accurately report on the carbon emissions of listed equities in our portfolios. Listed equities are shares in companies listed on a stock exchange (so no bonds, no cash and no private assets) This means our Green Bond Fund is not included in this section.*

Private assets (companies we invest in that aren't listed on a stock exchange) definitely create carbon emissions. But unfortunately, we aren't provided data on how big, or small, their total emissions are**. Similarly, it's difficult for us to report on the carbon emissions associated with the bonds we hold in our portfolio. The best way to understand why we can't give you the full picture (meaning, why we don't report on all the carbon emitted in our funds) is by way of an example.

Imagine a company wants to build an electric rail transport system to replace a fossil fuel one. We'll call the company "Better Future". This company has shareholders, but they want to leverage with financing to fund the electric rail project, so they decided to issue bonds. People can lend money to Better Future by purchasing these bonds and these investors will get that money back plus a return on their initial investment after the rail project is completed and (hopefully) generating revenue.

In this example we have: Shareholders in the company called Better Future, the bond issuer (Better Future) and purchasers of the bond (investors). So, who 'owns' the carbon that the rail project will emit? The shareholders in Better Future. They 'own' the carbon – the carbon emissions for the project are attributed to them.

This is why investors, such as Pathfinder, who invest in bonds that fund projects which can, and do, emit carbon, aren't considered the 'owners' of the carbon.

This also means we aren't privy to the exact carbon emission data associated with our bond investments, so we don't include them in our carbon calculations.

*because we don't have access to the underlying data. Metlife, the company that manages this fund, provides some metrics for our Green Bond Fund that you can read on [page 32](#).

**this is normally because private companies we invest in are small, and not required to disclose their carbon emissions, which means they don't track them. Part of our future engagement strategy could be working with these companies on disclosure.



Counting carbon – it's not easy being green

To understand and report on our efforts to reduce global warming, the Earth's temperature changes must be accurately measured to track if it's going up, down, or staying the same. This means the actions that emit greenhouse gases need to be measured, as these are the ones that form a layer around the earth trapping the heat inside and contributing to rising temperatures.

There isn't just one gas that creates a 'greenhouse effect'. For example, over a 100-year time horizon, methane has a global warming potential of 25-30 times that of carbon dioxide (CO₂). To simplify this, scientists have come up with the Carbon Dioxide Equivalent (CO₂e), which is a measure of emissions. CO₂e expresses the degree of warming of each gas in terms of how much carbon dioxide would create the same amount of warming. Basically, it's math that turns all gases into carbon dioxide for the purpose of comparing apples with apples. This way we're dealing with one standard measure. If the world produced less CO₂e there would be a smaller layer of greenhouse gases around the earth and less heat trapped inside the atmosphere. Therefore, lower CO₂e (carbon emissions) = lower degree of global warming, which is better for the planet.

Picture: Sawyer Bengtson



What we can measure

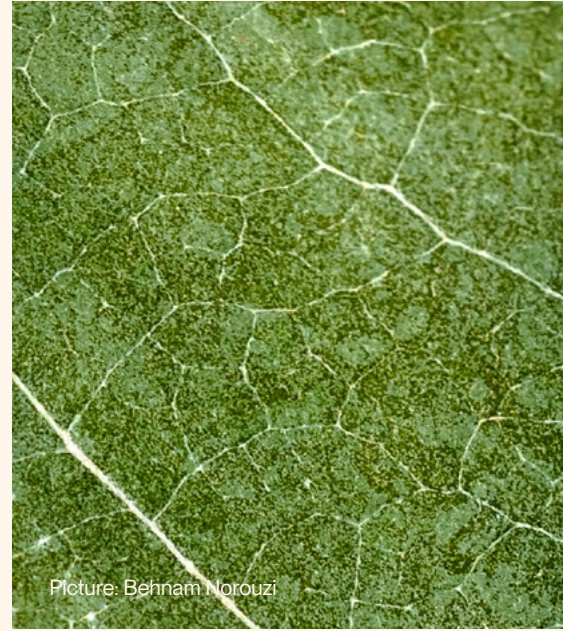
We know the carbon emissions of (most of) the companies that we hold shares in, so we have some understanding of the impact on the climate from our investment portfolio. To know whether these emissions are excessive or low we use an intensity measure attributed to the listed companies held in each of our funds. This measure is called 'Weighted Average Carbon Intensity' or WACI for short. WACI is calculated by dividing a company's annual carbon emissions by its annual revenue and then multiplying it by the weight of the listed company holding in our fund.

What does this tell us? Simply put, this says, that if we held two companies equally, that if one of these companies has high revenue

and high carbon emissions, they are not being as carbon efficient as a company with the same revenue and lower carbon emissions. The first company would have a higher WACI value, the second company would have a lower WACI value.

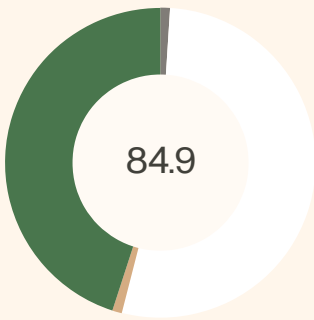
If a company meets all of our other ethical and investment criteria, and has a lower WACI value, it's a more compelling investment.

We add all of the company-level WACI values together to have a full view of the weighted average carbon intensity of each of our funds – which tells us how 'carbon efficient' we are in comparison to the yardstick.

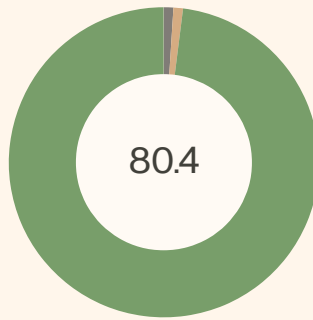


The WACI value for each of our funds, by sector:

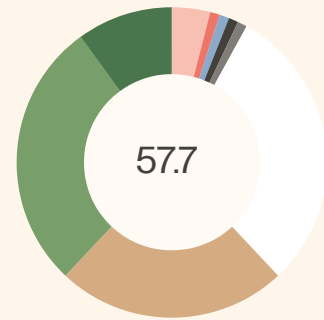
Global Water Fund



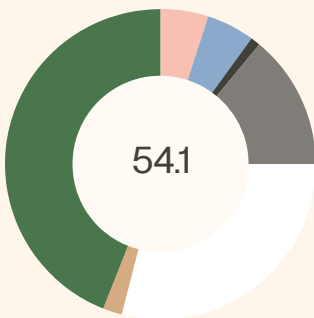
Global Property Fund



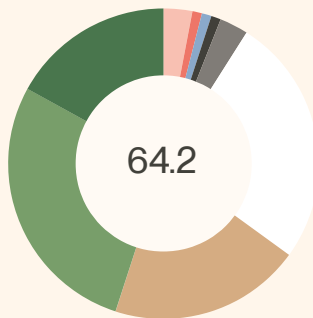
Global Responsibility Fund



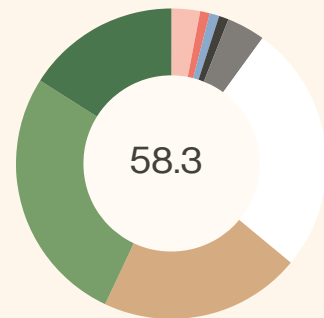
Ethical Trans-Tasman Fund



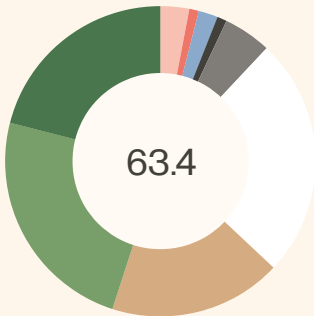
Ethical Growth Fund



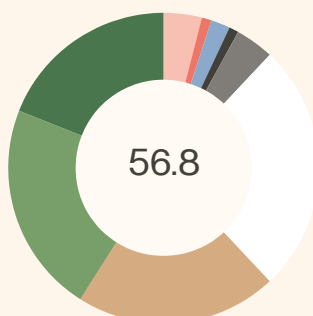
KiwiSaver Growth Fund



KiwiSaver Balanced Fund



KiwiSaver Conservative Fund



*tCO₂e/\$1mUSD. The above graphs only relate to our listed equities and listed property assets, which we refer to as listed companies. That is why our Green Bond Fund is not included here.



Our Green Bond Fund – Invested in climate solutions

Unique in New Zealand at the time of launch, we offer a dedicated Green Bond Fund. As noted earlier, this fund is not included in our emission and WACI calculations because it is invested in bonds and not listed equities.

The investments in this fund are managed by a third party called Metlife Investment Management. The Green Bond Fund's investments are linked to projects focused on positive environmental outcomes.

Below are some highlights from the fund over the past year.

Green Bond Fund impact

1,472

projects/initiatives partially or fully supported by impact bonds held in the portfolio.

15/17

Sustainable Development Goals (SDGs) supported.

87%

subject to TCFD-aligned WACI assessment.

64%

of the portfolio covered in GHG analysis.

(GHG stands for Greenhouse Gas).

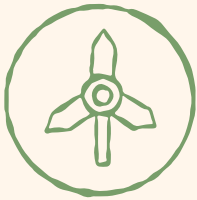
106

countries receiving impact-bond commitments and disbursements.

(TCFD stands for the Task Force on Climate-Related Disclosures, which is a framework that helps improve and increase reporting of climate-related financial information. WACI stands for Weighted Average Carbon Intensity).



Green Bond Fund impact highlights



9,251MWh

estimated clean energy generated
Enough electricity to power 3,426 UK households for a year.



3MWh

clean energy capacity installed.



294,704

passenger kms added
Equivalent to one passenger travelling around the world more than 7 times.



316ha

land managed
The area of around 442 football pitches.



941t

water treated each year
The weight of over 749 mini coopers.



2,603,735m³

water treated each year
Enough to full 1041 Olympic swimming pools.



49.3t CO₂

Aggregate scope 1 and 2
Weighted Average Carbon Intensity (WACI) of our holdings.



2,559m²

of green-building areas supported.

Green Bond Fund sector distribution

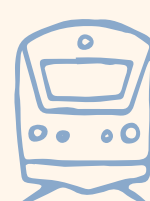
The top 3 sectors to which impact-bond proceeds were allocated were all environmentally focused



Buildings
33%



Energy
25%



Transport
23%

¹⁰ Estimate based on portfolio-weighted clean energy installed capacity using IRENA Renewable Energy Capacity Factors, IRENA, Renewable Power Costs 2021.

¹¹ Ofgem - We estimate the typical household in England, Scotland and Wales uses 2,700kWh of electricity in a year.

¹² Q1 2024 average capacity of small-scale solar PV installations in Australia was 8.9kW.

¹³ Circumference of the earth is 40,075km.

¹⁴ Average size of a UEFA-recognised pitch is 105m x 68m (7140m²).

¹⁵ Taking the average weight of a 2024 mini cooper as 2,769lbs.

¹⁶ The volume of an Olympic swimming pool is approximately 2500m.



Tools we use to build our low emission portfolio

Science Based Target Initiative (SBTi)

The private sector produces, and therefore can help reduce, carbon emissions. To help support companies to do this in a way that's credible and beneficial to both stakeholders and shareholders, the SBTi provides a framework to help companies complete the following 5 steps:

1. Commit

submit a letter establishing your intent to set a science-based target.

2. Develop

work on an emissions reduction target in line with the SBTi's criteria.

3. Submit

present your target to the SBTi for official validation.

4. Communicate

announce your target and inform your stakeholders.

5. Disclose

report company-wide emissions and track target progress annually.

Each company's targets are scientifically confirmed requirements that set out pathways for transitioning to a low (preferably net zero) carbon economy.

It's less like saying "we're committing to net zero" and more like saying "we're committing to reduce our carbon emissions by this amount, by this date, by these methods – and we will report on our progress, so we're held to account."

Effective Goals

Companies that set science-based climate targets cut emissions fast.

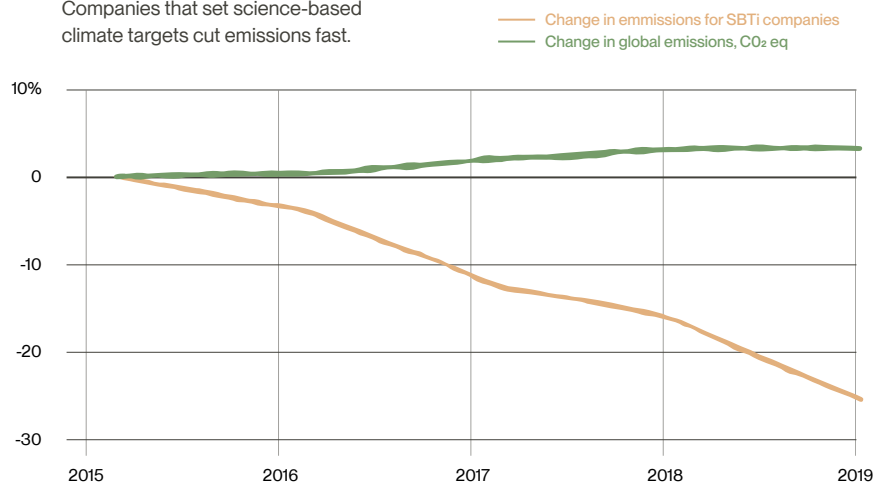
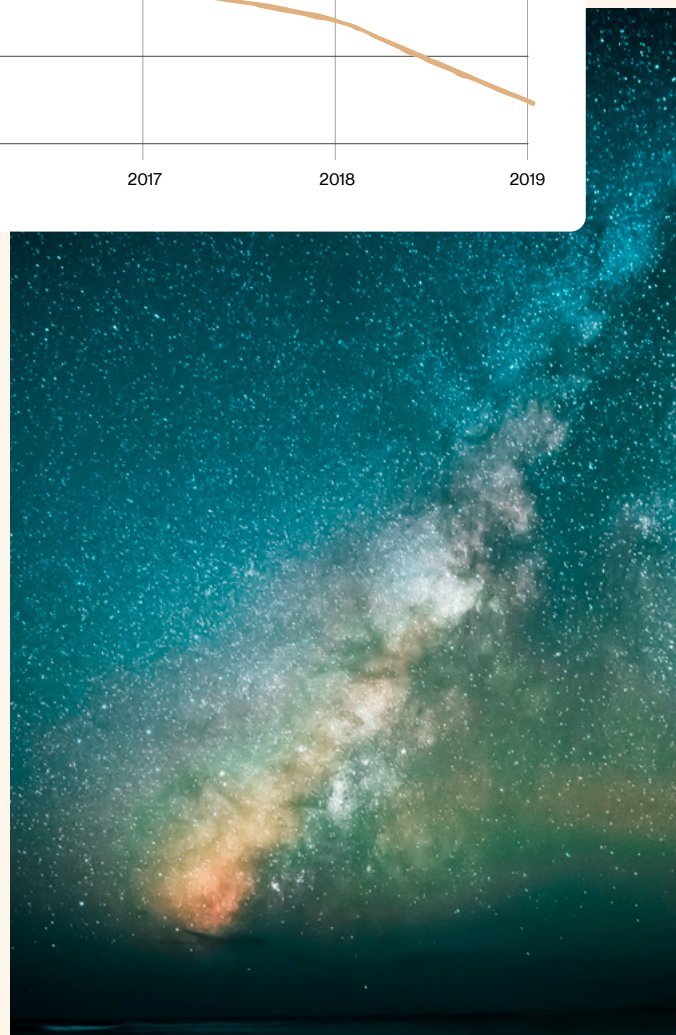


Image: Emissions cut by organizations that implement SBT's. Source: Science-Based Targets initiative – adapted by Bloomberg Green. *Note: this graph only includes scope 1, and 2 emissions.

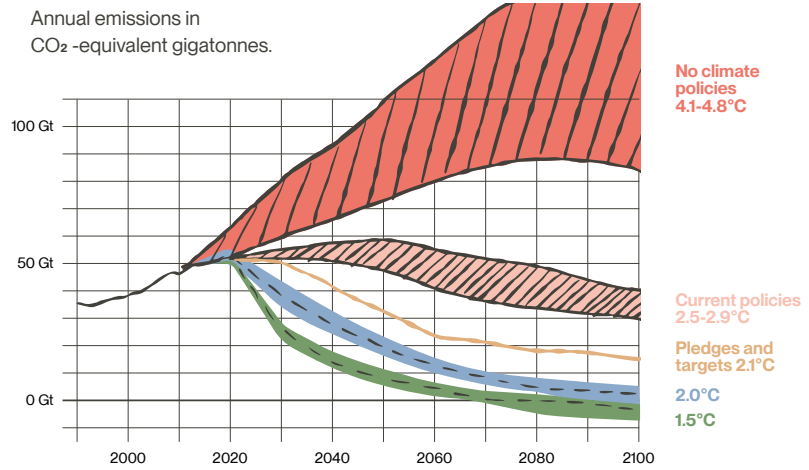




Having a credible, tangible pathway towards emissions reductions holds companies accountable, and helps us achieve the goals set in the Paris Agreement.

There are other ethical metrics we use to assess the environmental and social impact of our portfolios, check out our Ethical Scorecards in [Appendix C](#).

Global greenhouse gas emission pathways



If a company commits to the SBTi then it must, within 24 months, develop and submit clearly defined organizational pathways or targets for reducing emissions.

Across Pathfinder's entire portfolio, 53% of the listed equities we invest in are committed to SBTi. These targets can be broken down into different categories, as shown here:

	Number of listed companies	Percentage of listed compaies
Total committed	137	53%
2 degree target	2	1%
1.5 degree target	97	38%
Target well-below 2 degrees	11	4%
Committed without a target	27	11%
No commitment	120	47%
Number of companies we own	257	100%



In previous years, we have stated the following targets for managing our climate-related risks and opportunities and performance:

“Increase proportion of companies in material sectors that have set approved science-based targets in line with the SBTi Financial Sector guidance by minimum 7% per annum to achieve 100% coverage by 2040.

Reduce the carbon emissions of our portfolio in line with achieving absolute reductions of 22-32% by 2025 and 49-65% by 2030.”



Over the last 12 months we have developed a greater understanding of two key areas:

1. Challenges for many companies to decarbonise their business model;
2. Difficulties and limitations around data measurement and availability for carbon emissions and carbon intensity.

Market practices have also evolved over the last year. This has prompted us to review our previously set long-term targets, and we acknowledge we need to reset these. At the moment we are working on improving and growing our data collection and analysis work. This will help us revise or reformulate appropriate long-term targets which will be included in our future climate related reporting. These targets will be approved by our Ethics and Investment Committee.

We have previously provided TCFD climate reporting in our Sustainability Report each year. In light of the Climate Reporting Disclosures introduced in New Zealand we are re-thinking how we should report on the climate emissions and targets for our business and our funds. Look out for more about our carbon reporting and climate risk disclosure in next year's Sustainability Report. For this year we have added reporting on each of our funds as Ethical Scorecards which includes some carbon data for each fund.



Reflection on Nature by our Creative Director, Lily Richards

“We are human before we are part of a business.”

This struck me as both an obvious truism and something that has been forgotten. Humans are part of nature; we impact it, we rely on it, it's integral in both our personal lives and our working lives.

Sam Rowland, the Programme Manager for Nature Systems Change at the Sustainable Business Network, in her opening address at the 2024 Nature and Business Symposium, was the one to remind us of our tangible and intangible connections to nature. Sam reminded us that wetlands are the kidneys of the earth. That the soil is medicine, able to give and sustain life, unless it's sick itself.

She stated that 55% of New Zealand's Gross Domestic Product (GDP) requires nature – from natural ingredients in beauty products, to building materials, to land for warehousing and water flowing for hydro-generated energy.

Her message to us, as businesses and investors in businesses, was to consider nature as a key stakeholder in our decision making. By putting money into projects that restore or protect nature (a fundamental ingredient in every business) while also transforming business practices to be more regenerative, we can ensure this key stakeholder doesn't pull their support.

One way to shift thinking is to ask ourselves: what natural resources does our business rely on? Think about dependencies and impacts. In a dual world there is always a cause and effect; if you're taking from nature, how are you ensuring you're giving back? Endless taking, without appropriate return, is a fast track to emptiness. But a



Picture: Alec Gomes

balanced relationship, with give and take, can last longer and over a long-time horizon may prove to be more profitable.

You'll hear more about 'Nature' and less about carbon emissions because business has started to wake up to the interconnected reality of all systems on this planet. When you think of your relationship (impact and dependencies) with nature, think about these four realms: Water, biodiversity, soil & land, air & climate.

The symposium had speakers from companies who had been enacting this wisdom for a while – their biggest challenge on getting started? Courage & capability.

It takes bravery to do things differently; but we need leaders to set higher standards and start educating others in how to build generative businesses, not extractive ones.

The benefits are real, wide reaching and include positive long-term financial returns.

It will require investors to consider, plan and incorporate positive nature-based

outcomes – but the returns on that investment are intergenerational and enable long term sustainability.

The symposium was inspirational and reminded me of this great quote by William McDonough the author of Cradle to Cradle: Remaking the Way We Make Things:

“Here's where redesign begins in earnest, where we stop trying to be less bad and we start figuring out how to be good.”



Lily Richards
Creative Director



Pathfinder, People and *Purpose*



The Benefit Corporation, certifying benefit for all



Kia mahi tahi ai te waihoe ~ Working together for future generations

Pathfinder successfully recertified as a B Corp business for another 3 years in September 2024. So, why do we do it and what does it mean?

B Lab (the nonprofit network behind B Corp™ certification) imagines a world where all stakeholders (staff, society, environment, suppliers, customers), not just shareholders are valued and prioritised. This concept spoke to us; a simple, yet radical reinterpretation of capitalism taking more than money into account when considering ‘what’s valuable?’ We see this as an authentic framework for measuring a company more deeply than just by its products.

How does it work?

The certification process looks at a company’s total social and environmental impact and they rate performance in each. There are 200 potential points and you need at least 80 to get certified, this year we scored 91.7. The company needs to make a legal commitment by changing their corporate governance structure to be accountable to all stakeholders, not just shareholders.

There are around 150 detailed questions across 5 Key Sections, many of which require in-depth evidence to back up answers given. Here’s an example from each Key Section to show how in depth this process is.

Environment: Does your company monitor and record its universal waste production?

Governance: How does your company identify, measure, and manage the most material social and environmental issues relevant to your operations and business model?

Workers: What percentage of all full-time employees have been granted stock, stock options, or stock equivalents (including participation in an ESOP or other qualified ownership plans) in the company?

Community: Does your company screen or evaluate Significant Suppliers for social and environmental impact?

Customers: Does your company utilize third party research or ratings regarding companies’ social and environmental performance?

In many ways, the certification is like a recipe for a great business that cares about all stakeholders and long-term sustainability. If you don’t have the things they’re asking for – or haven’t properly documented them with disclosed policies and procedures – then you should. Because they’re the ingredients for good practice.

“Fundamentally, it’s a measure of the good that your business creates from its operations and business model. The Certification tool is a formula for helping you maximise that good.”

Tim Jones – Grow Good (a company set up to help other companies get certified).

We’re part of something big that’s getting bigger.

When Pathfinder became a certified B Corp™ in 2020, there were only 25 other B Corp™ businesses in Aotearoa NZ. In fact, we were the first fund manager in New Zealand to achieve the certification. Since then, that number has grown to 150 in just four years.

The B Corp™ movement aims to change our economic system — so a certification is evidence of committing to an inclusive, equitable & regenerative economy. And an important commitment too, because business models with sustainability and long-term thinking at their core won’t simply appear through wishful thinking. This shift needs big commitments being made by brave path finders.

For us, the B speaks to our commitment to authenticity and transparency.

We believe that independent 3rd party certification and recognition is more important than ever before. The B Impact Assessment (BIA) is a mirror, a chance to reflect on how we live our values & walk the talk both internally & externally – and where we can improve.

It is a symbol of trust and credibility, something investors can rely on (even at a glance) as a base level measure of positive, impactful standards. It allows us to remain committed to improving and evolving, as the world changes – providing peace of mind for the people who choose us to look after their investments.



Introducing: Champions of people, our planet & animals

2024 saw us begin a new process of giving to enhance our impact and bring about our vision for a better future, faster.

Since 2019 we have donated \$1.35 million dollars to kiwi charities. Now we've decided it's time to include a more direct approach, impacting the pillars our investing stands on.

Welcome to: Champions of people, our planet and animals. Since the 1st of April this year, we have been dedicating 1% of revenue from across our whole business to this new process. (This covers all our retail managed funds as well as our KiwiSaver funds).

This means that as more members join us, we're able to direct more funds towards a range of exciting endeavours in our own backyard.

We'll continue to support **charities** whose work actively improves our planet and the

lives of people and animals, but we're broadening our horizon to also include:

Scholarships - sponsoring under-represented or under-supported people in their development, including into sectors capable of making systemic societal change (such as finance, business, law and environmental studies).

Social enterprise grants - supporting purpose driven businesses with potential to create positive change (this could include early-stage solutions to pressing challenges faced by our planet or communities).

Education and awareness - supporting initiatives where we see potential to promote positive change. This could, for example, be in the sphere of business or youth development.

How will this be decided?

To qualify any potential recipient will need to meet both of these thresholds:

Connection: Does the proposal have a sufficiently strong connection to the pillars of our investment approach (being people, planet and animals)?

Impact: Will supporting the proposal contribute to measurable improvement either directly (in the form of immediate action) or indirectly (in the form of slower long-term systemic change)? In simple terms: will this proposal make a measurable impact on one or more of the categories we strive to help improve: people, our planet and animals?

We aim to allocate funds annually. We have donated to SavY to support their delivery of free financial educational sessions to high schools in Auckland and Wellington. And we have funded some of our members into the Hi Money course - where women get support to address and update their feelings, attitudes and stories about money.

To learn more about how this will be allocated you can read the article on our website [here](#).

We will also report on how we've distributed the money in our 2025 Sustainability Report.

Picture: Pablo Heimplatz



Putting KiwiSaver to Work: Lifting financial, employee & planetary wellbeing



Estefania Muller Pallarès,
Pathfinder KiwiSaver
Member

KiwiSaver was designed to help people save for retirement. Your balance grows in large part based on your income, so your job (and therefore your workplace) plays a central role in you reaching your retirement goals.

This is why we're passionate about getting into companies and helping staff realise the power of their KiwiSaver through our preferred KiwiSaver provider programme and workplace wellbeing talks.

For companies it's a simple (and free) way to support your staff's financial literacy and wellbeing.

Companies can nominate a 'preferred KiwiSaver provider' for their employees to become a member of (if they haven't already chosen a KiwiSaver provider themselves).

This means new staff who join and haven't selected a KiwiSaver provider won't simply fall into a default fund which neither the company nor the staff member have selected.

The wellbeing we've brought to the workplace:

We've shaken up the idea of how you might imagine a classic 'financial literacy

workshop'. Knowing that everybody deserves to connect with their money decisions in a meaningful way, we bring fun, relatability and kai (!) to our workshops – brightening up the stereotype of a financial lunch & learn.

As well as KiwiSaver 101, we kōrero about finding trust and transparency in the financial world, deepening holistic financial literacy and ways to align your money with your values. Financial wellbeing is ongoing, with Pathfinder's online 'Learn' resources, tools, podcasts and our [Stay Curious Guide](#), a 3-part education series intended to continue learning at any pace.

We're proud to share that in 2024:

71 companies have selected Pathfinder as their Preferred KiwiSaver provider.

Approximately **6,000 employees** around Aotearoa have access to the Pathfinder Relationship Team, our customer service team and the ability to access external financial advisers that we preapprove and introduce them to.

Since our last Sustainability Report, we've given **over 60 free workplace wellbeing talks**.

Hundreds of people have signed up to our ongoing education series 'Stay Curious'.

Why is this important?



Because **between 80% and 95% of people in our wellbeing workshops don't know they're an investor despite having a KiwiSaver Plan.**

Further to this, we've discovered through conducting these workshops that a large number of people don't know the following:

- Who their KiwiSaver provider is
- That there are providers other than banks who offer KiwiSaver
- What their contribution rate is
- What fund type they're in
- How to switch KiwiSaver providers
- They could be getting Government contributions

Everyone deserves to be empowered so they can harness the full potential of their KiwiSaver Plan, and achieve their financial goals. But how can people do that if they don't even know they're an investor? You don't know what you don't know – but information like this, that can change the course of your future, shouldn't be hard to come by.

If you'd like to join our ever-growing family of companies who've chosen Pathfinder as their preferred provider or have us come and run a workplace event we'd love to hear from you. We're proud to represent incredible brands across Aotearoa - you'd be in great company!

Here are a few of them...



Why these businesses chose Pathfinder:

Chia Sisters



“ We are working with Pathfinder because we know our people are our most important asset. By giving our team the option to gain KiwiSaver education and financial advice we can support them to have high levels of financial wellbeing. This is especially important in 2024 as the cost of living increases. We like working with Pathfinder because we are values-aligned. We are both Kiwi-owned; prioritise long-term thinking and are proud to be leaders in the transition to a safe climate future. ”



Ecotricity



“ We chose to partner with Pathfinder as Ecotricity's default KiwiSaver provider so that as individuals we have confidence that our investments are supporting ethical and sustainable initiatives. Pathfinder's approach to investing absolutely lines up with our own values, particularly around targeting climate positive environment solutions, and our team understands that these small decisions have the power to change the world! Pathfinder generously put on a morning tea workshop for our team so we could learn more about ethical investing and how we can help address climate change, rather than contributing to it, through our investments. The Pathfinder team truly care about people and planet which makes them such a great partner for us. ”





Help me! Financial advisers and pursuing your goals

Some things are intuitive; managing money is NOT one of them.

What's your risk profile? Which fund type should you be in? What exactly is a fund type?

No one should feel ashamed for needing help with their finances; but did you know there are dedicated professionals out there ready and willing to help you?

What's the role of financial advisers?

Financial advisers can help you plan for the goals in your life that involve money; think retirement, buying a home or growing your wealth. A good financial adviser can help you feel empowered and excited about your future; they can take away uncertainty by replacing it with strategy. Instead of feeling fearful about whether you'll be able to afford a house or retire with choices, you can discover whether these things are within your reach and other options if they're not. We've seen big benefits for members who get financial advice, for example, feeling peace of mind that they are on the right path and having a clearer picture of what their retirement could look like. And while there are plenty of factors that play into this (for example, people with more money can feel more confident hiring financial advisers) we can't rule out that getting good advice can support you in growing your wealth.

I don't earn much; can I still talk to an adviser?

There's no lower or upper limit, you can contact a financial adviser no matter what you earn, it's at their discretion whether they'll take you on as a client. It's important to understand how they are paid, many will get paid commissions by companies on their recommended product list. This means most of the time you won't have to pay them directly. Advisors must tell you if they're receiving a commission and disclose any potential conflicts of interest to ensure they're putting your needs above theirs. We recommend asking up front how they expect to get paid so you can decide if you're comfortable with that/if you can afford it.

What's the value of working with an adviser?

According to Russell Investments' annual "Value of an Adviser" report, advisers provide significant benefits through both practical and emotional guidance, acting as "behavioral coaches." Notably this shows advisers play a role beyond simply hunting out the best returns for clients, they also help create personalised approaches to help them achieve their goals.

Will a financial adviser help align my investments with my values?

Much like the rest of the financial industry, many (but not all) advisers have been slow to adopt ethical investing and to offer products that prioritise values as well as investing for returns. At Pathfinder, we believe discussions about ethics and personal values are now as critical as traditional financial metrics. We actively educate and collaborate with advisers to integrate ethical considerations into their fact-finding processes and recommendations. We can recommend advisers who we think exhibit best practice in this space – email simon@pathfinder.kiwi to chat about this.

Pathfinder's impact

Pathfinder collaborates with over 200 financial advisers across New Zealand. We are committed to growing this, to reach more advisers and provide ongoing resources and education. Our aim is to promote values-based considerations when giving financial advice and to introduce Pathfinder as an option to meet their client needs.

By championing ethical financial advice, we can help clients (like you) not only achieve their financial goals but do so in alignment with their personal values. As we move forward, let's make ethics a central metric in the advisory process, creating a more holistic and satisfying financial landscape for all.



Beyond KiwiSaver: Unlocking Pathfinder's Managed Funds with Jeanette

Alongside KiwiSaver Funds we also offer Managed Funds. These don't have the same rules related to when and how you're allowed to withdraw money as our KiwiSaver Funds do. There are 6 different options that cover a range of risk and return profiles, with different minimum suggested time frames. You can view them all on our website [here](#). Not sure which one's best for you? [Take our fun quiz to find out.](#)

These funds are available online with a \$5,000 minimum investment (reduced to \$2,500 if you're already a KiwiSaver member). But if you're looking to invest more, we offer a tailored advice service, helping align your goals with your financials and our products. This is offered through Alvarium Wealth (NZ) Limited, Pathfinder's sibling company.

And it's more than just investment advice, it's a dynamic, evolving strategy to meet your risk appetite. We offer personalised planning, detailed forecasts, and a Discretionary Investment Management Service (DIMS). DIMS means we actively manage your portfolio on your behalf.

Since life is unpredictable, we provide regular reviews to ensure your investment plan adapts to changes and keeps you on track toward your goals. We know there's no crystal ball for life's twists and turns, but this ongoing process helps you adapt to both planned and unplanned events.

This Discretionary Investment Management Service described is available for clients investing \$500,000 or more.



Picture: Jordan Heath

For example, I recently worked with a client who needed an ethical investment plan that aligned with the requirements of their immigration visa and another who sold their business and wanted an ethical strategy. These solutions come with tiered fees that provide excellent value for clients investing larger amounts, allowing us to place you into a strategy that best suits your needs.

What I love about working here is that the products genuinely do good—there's no catch, no hidden fine print. We invest in companies that are driving positive change and shaping the future. I also love building relationships with my clients, getting to know them personally, and growing alongside them on their financial journeys. It's incredibly fulfilling to help clients achieve

their goals while making a positive impact. If you'd like to explore how Pathfinder can help you invest more deeply and ethically, feel free to [reach out to me](#). I'd love to have a conversation about your goals and how we can support them.



Jeanette Kassa
Financial Adviser



Awards & Certifications

While we don't do this work for praise, the recognition of our efforts is valuable because it shows investors that independent third parties agree we're walking the talk when it comes to investing ethically. We were particularly proud to win (the first time in 19 years it's ever happened) three awards from the Sustainable

Business Network– showing the impact we're having in bringing sustainability into the conversation in the financial sector. And most notably we won the Mindful Money award for the Best Ethical KiwiSaver Provider for the fourth time in a row!



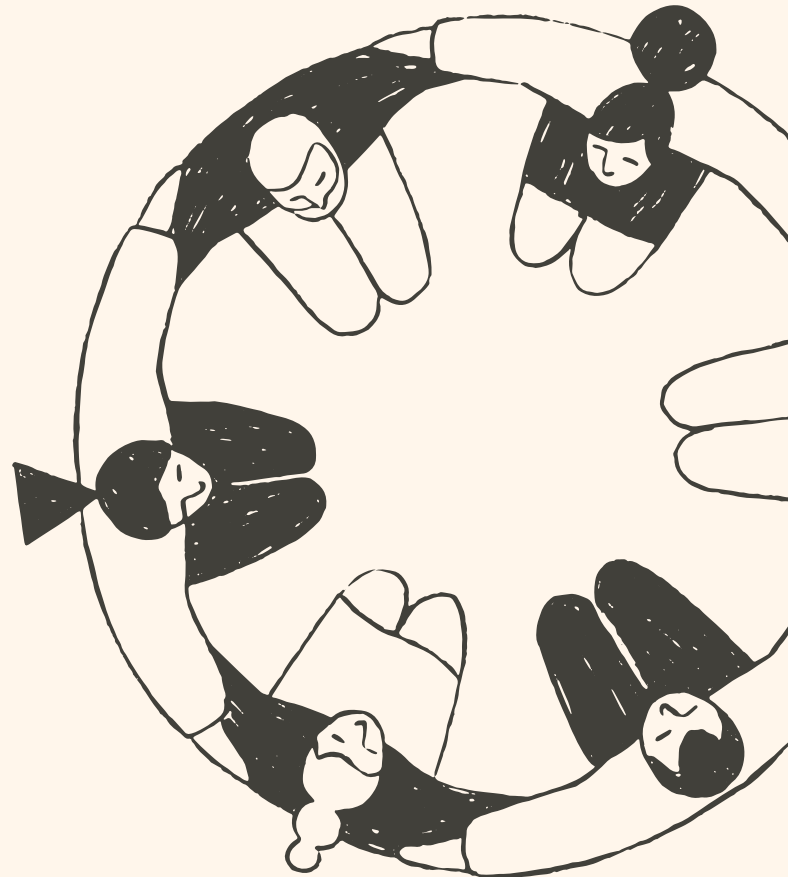
Signatory of:



Meet the Pathfinder team

We have a brilliant and broad team working for Pathfinder, from our Customer Care team who work to make things easy for you during your investing journey with us, our Compliance Team who ensure we're always keeping our investor needs front and center, to our Investment Team who help bring our special investing products to life.

Jump onto our website [here](#) to learn more about us.





What it means to be a Pathfinder member



"I've invested in KiwiSaver since day one and, for all those years, I thought it made sense to stick with my bank. But then you hear all those stories about where your money is really invested, and it stops making sense pretty quickly.

As much as KiwiSaver is an investment in my own future finances, I'm a father of three, so consideration of the future my kids will experience plays a big role in my decisions. That consideration isn't purely financial so I'm grateful that Pathfinder made moving my KiwiSaver easy, puts my mind at ease about the broad impact on my kids' future, and, given I'm not compromising on the returns, helps me rest easy about my own financial needs when I get to retirement."

Jamie Bell

Pōneke Wellington (Head of Experience, Redvespa)



"Investing with Pathfinder is a source of great pride for me and allows me to put my mind at ease, knowing I'm doing the right thing with where I put my money.

I was exposed to ethical investing through Mindful Money, and was frankly disturbed to discover what sort of things my bank was investing in. It felt terrible to know I was inadvertently putting money towards supporting industries like weapons; that I had a direct connection to enabling war and suffering. It also made me trust my bank a lot less. I immediately switched my KiwiSaver to Pathfinder and this gave me huge peace of mind ([you can read about Pathfinder's position on weapons here](#)). **No longer did I have to feel guilty about what I was contributing to in the service of my own future security.** Faced with global existential challenges such as climate change, poverty, and threats of war, it can be hard to find companies you trust and choices to make where you know you're doing the right thing. Investing with Pathfinder allows me to make big, responsible life choices that I know are in line with my morals. I had no interest in managed fund investing before, but since switching my KiwiSaver I've now set up investments in the Ethical Growth fund, the Global Responsibility fund, and the Global Water fund. Pathfinder gave me an opportunity to invest in a way that was meaningful and satisfying. I feel good about putting my money towards the companies and industries they invest in."

Marlies Zyp - van der Laan

Tāmaki Makaurau Auckland



"I truly believe that in a global economy, you vote for the kind of world you want to live in every time you open your wallet. Choosing a KiwiSaver provider to me is about more than just returns – although those are great too – it's about deciding what kind of future I want to be a part of building. With Pathfinder, I feel like my investments are in trusted, expert hands when it comes to financial security as an actively managed fund, and that the choices I am making today are securing a future world where people, planet, and profit can all thrive."

**Kendall
Farmer**

Music Licensing Manager
at Les Mills International



"I kept hearing about ethical and green investment options but felt I couldn't do much about it as an individual. That was until I learnt about Pathfinder from a number of trusted people. It sounded like a better fit for me as long as the investment returns looked the same, which they are. So I made the switch. The change over process was easy and they have a nice investor portal to keep an eye on progress. Verdict - five star rating - would recommend!"

**Clayton
Wallwork**

Ōtautahi Christchurch
(Co-founder, Ecofixa Ltd)



"... Aotearoa's first certified B Corp fund manager, (they're) leading the way in ethical investing. Pathfinder exemplifies how strong values combined with running a great business means you can thrive while making a positive impact... Investing with Pathfinder means investing in a better world. I love Pathfinder!"

**Rachel
Brown**

Auckland (Founder & CEO
Sustainable Business Network)





What's next?

Looking to the year ahead for Pathfinder we see a number of trends with important ethical implications for investors. Many of these will have impacts on us as a business and on you as an investor, so we are thoughtful with how we plan for change. Here are some areas on our radar for the coming year:



Picture: Natalia Blauth



Learning & Improving:

In December 2024 Pathfinder received a censure from the Financial Markets Authority (FMA) under the Financial Markets Conduct Act 2013 (FMCA) in respect of two digital ads. The FMA found that the ads were misleading as they should have been qualified with information about our investment process and, in particular the exceptions related to animal testing and fossil fuels we held at the time the ads were running. As part of our learnings from this, we have added a list of 'companies of concern' that we have considered in relation to our Ethical Investment Policy and also our 'exceptions register' for the limited number of companies that may not comply with our exclusions but we have consciously chosen to invest in. You can find both of these on our website. This process has informed the evolution of our Ethical Investment Policy which we are looking to introduce in 2025.



AI:

Artificial intelligence is impacting investing in a number of ways. Firstly, it presents a range of potentially profitable long-term investment opportunities from chip manufacturers to data centers. Secondly, it presents ethical issues for investing including weapons technology and privacy/surveillance. It also presents opportunities for investment managers like Pathfinder to use new tools reviewing and making sense of company data and news stories. From an ethical perspective, it is becoming increasingly important to explore the ramifications of AI, in particular the potential social and environmental consequences. We expect Pathfinder to work on all these areas in the year ahead, which will likely flow through to our Ethical Investment Policy.



B Corp and the future of business:

After a 4-year review, the B Corp™ standards are evolving and set to come into effect in 2025. We welcome this evolution. In B Lab International's own

words: "As the climate crisis intensifies and societal inequality grows, the need to bring about systemic change is clear. We must adapt & advance the standards ... to meet the magnitude of the challenge ahead. The new standards will provide clarity for companies, galvanizing the most impactful business actions and focusing on what really matters, meaningfully demonstrating the leadership role that B Corps and the B Corp movement play in the world". As this evolution takes place, Pathfinder will evolve with it – using these standards as one of our self-assessment tools, always aspiring to be a business that we would proudly include in a Pathfinder Managed Fund. Our team are proud of our commitment to B Corp™ and what this means for our business standards and relationships with all our stakeholders.



Human Rights & Modern Slavery:

We are disappointed that the NZ Government has chosen to stall the introduction of requirements for companies to report on human rights abuses in their product supply chain. What can be measured, can begin to be managed. Without this, it's very difficult for fund managers to get the level of detail required to assess whether a company is proactively considering and managing human rights abuses in a proactive and responsible manner. We were inspired by Gary Shaw (a modern slavery specialist) who spoke at the 2024 RIAA conference. He's of the opinion that companies can't enforce 'good behaviour' without genuinely engaging with the issues that cause the 'bad behaviour'. Best practice here could look like big companies, who are headquartered in countries with limited corruption, collaborating with their manufacturers to support delivering their product in an environment that is safe, fairly paid and with proper complaint controls. We want to see companies reporting on modern slavery so we can get it out of the shadows and into the light. We want to know the companies who are actively engaging to improve this, rather than just avoiding it.



Appendices



Appendix A: PACTA



One of the ways we can understand how our Paris-aligned investment strategy may contribute to decarbonisation is to use the open-source tool - the Paris Agreement Capital Transition Assessment (PACTA) - to apply various climate scenarios to understand climate transition risks. This is a measure of climate risk in the context of economic transition.

We filtered all the listed equities (think companies) Pathfinder invests in, across all our funds, through the PACTA tool and 7.5% of listed equities were identified as being relevant for the PACTA analysis. These holdings are identified by the PACTA tool as operating in climate relevant sectors.

Of the 7.5% analysed, 1.2% is in the Automotive sector and 4.8% is in the Power sector, 0.32% is related to Cement, and 1.2% related to Aviation (freight only). PACTA analysis is limited for Aviation and Cement,

so below we detail our largest holdings in Automotive and Power sectors. Combined these holdings make up 16% of the total emissions profile of our entire portfolio. Of this, 2.5% is from the automotive sector while 12% is in the power sector; 6.9ktCO2 and 34ktCO2 respectively.

Within climate-relevant technologies, there are 2 major categories in the PACTA analysis – ‘high’ or ‘low’ carbon. For the power sector, high-carbon technologies include oil, gas and coal (consumable power technology), while low-carbon power technologies are renewable (eg. solar and hydropower). For the automotive sector, an example of high-carbon technology is combustion engines, while low-carbon technologies are electric or hybrid vehicles.

We compare ourselves to the iShares MSCI All Countries World Index ETF.

	Percentage of assets under management invested in renewable power technologies*	Percentage of assets under management in ‘low-carbon’ (electric) automotive technologies	Percentage of assets under management in ‘low-carbon’ climate-relevant technologies
All Pathfinder Funds (listed equities only)	3.6%	0.7%	4.3%
Benchmark (iShares MSCI ACWI ETF) (listed equities only)	1.3%	1.3%	2.6%
Difference	2.71x	0.53x	1.65x

*renewable + nuclear power technology for benchmark, and only renewable power technology for Pathfinder. This data applies only to the listed equity investments in the Pathfinder portfolio. As at 30 June 2024.

4.8% of Pathfinder funds are invested in power technologies. Of this, 3.6% is invested in renewable power technologies, which is 2.71 more than the benchmark (iShares MSCI ACWI ETF).

1.19% of Pathfinder funds are invested in automotive technologies. Of this, 0.7% is invested in low-carbon automotive technologies (electric or hybrid vehicle technology), which is 0.53x (or almost half) of the benchmark (iShares MSCI ACWI ETF).

Our portfolio maintains a low exposure to the automotive industry for several strategic reasons.

Firstly, we have avoided investments in Chinese companies, which includes the rapidly growing Chinese electric vehicle (EV) manufacturers. Secondly, while many established automotive companies are producing EVs or hybrids, these vehicles typically represent only a small portion of their total sales. The majority of their revenue still comes from legacy internal combustion engine vehicles. Lastly, traditional automakers are known for being capital intensive businesses with relatively small profit margins. This characteristic makes them less attractive from an investment perspective.

What does this mean? Pathfinder having a larger portion of funds under management invested in low-carbon climate-relevant technologies (such as renewable power and electric vehicles) is one way we have reduced the carbon footprint of our investor. To achieve the goals set out in the Paris Agreement, investing in renewable technology is one way for us to align our investing with the transition to a low carbon world.



Appendix B: GICS Classifications

MSCI¹⁷ defines these as:

Energy Sector: The Energy Sector comprises companies engaged in exploration & production, refining & marketing, and storage and transportation of oil and gas and coal and consumable fuels. It also includes companies that offer oil & gas equipment and services.

Materials Sector: The Materials Sector includes companies that manufacture chemicals, construction materials, forest products, glass, paper and related packaging products, and metals, minerals and mining companies, including producers of steel.

Industrials Sector: The Industrials Sector includes manufacturers and distributors of capital goods such as aerospace & defense, building products, electrical equipment and machinery and companies that offer construction & engineering services. It also includes providers of commercial & professional services such as printing, environmental and facilities services, office services and supplies, security and alarm services, human resource and employment services, research and consulting services. It also includes companies that provide transportation services.

Consumer Discretionary Sector: The Consumer Discretionary Sector encompasses those businesses that tend to be the most sensitive to economic cycles. Its manufacturing segment includes automobiles and components, household durable goods, leisure products and textiles and apparel. The services segment includes hotels, restaurants, and other leisure facilities. It also includes distributors and retailers of consumer discretionary products.

Consumer Staples Sector: The Consumer Staples Sector comprises companies whose businesses are less sensitive to economic cycles. It includes manufacturers and distributors of food, beverages and tobacco and producers of non-durable household goods and personal products. It also includes distributors and retailers of consumer staples products including food and drug retailing companies.

Health Care Sector: The Health Care Sector includes health care providers & services, companies that manufacture and distribute health care equipment and supplies, and health care technology companies. It also includes companies involved in the research, development, production and marketing of pharmaceuticals and biotechnology products.

Financials Sector: The Financials Sector contains companies engaged in banking, financial services, consumer finance, capital markets and insurance activities. It also includes Financial Exchanges and Data and Mortgage REITs.

Information Technology Sector: The Information Technology Sector comprises companies that offer software and information technology services, manufacturers and distributors of technology hardware and equipment such as communications equipment, cellular phones, computers and peripherals, electronic equipment and related instruments, and semiconductors and related equipment and materials.

Communication Services Sector: The Communication Services Sector includes companies that facilitate communication and offer related content and information through various mediums. It includes telecom and media and entertainment companies including producers of interactive gaming products and companies engaged in content and information creation or distribution through proprietary platforms.

Utilities Sector: The Utilities Sector comprises utility companies such as electric, gas and water utilities. It also includes independent power producers & energy traders and companies that engage in generation and distribution of electricity using renewable sources.

Real Estate Sector: The Real Estate Sector contains companies engaged in real estate development and operation. It also includes companies offering real estate related services and Equity Real Estate Investment Trusts (REITs).



¹⁷A global provider of equity, fixed income, real estate indices, multi-asset portfolio analysis tools, ESG and climate products.



Appendix C: Ethical Scorecards



Zoom in to view data

Global Water Fund



Ethical Scorecard
As at 30th June 2024

Global Water Fund

Due to data availability, this report only provides metrics on the listed equities and listed property assets (which we refer to as 'listed companies' in this scorecard) in the Global Water Fund. While not all the data in this scorecard informs our investment decisions, we have included it because we think it is important that you know about the ethical characteristics of the companies you're invested in when you invest with us.

On our website, you can view the financial performance of our funds, but what about the ethical performance? This report shows you key ethical metrics for the Global Water Fund that our investing seeks to impact, and which we have the data to measure.

For information on the source for this data, check out the Further details on the last page of this scorecard.

In line with our Ethical Investment Policy, this fund seeks to avoid our listed excluded activities and tilt towards our positive investment themes with the overall goal of respecting people, our planet and animals.

[Read our Ethical Investment Policy to learn more.](#)

What we are comparing ourselves to: the yardstick

We measure the ethical performance of the listed companies in the Global Water Fund against the INVECO Global Water ETF – we call this our 'yardstick'. We use this as a yardstick for two reasons: 1. because it provides a representation of the performance of companies listed on the global exchange that create products designed to conserve and purify water for homes, businesses and industries, and 2. because those stocks weren't selected based on ethical or sustainable criteria. This means we can show you the difference, in ethical metrics, between our investments and a more conventional alternative.

This yardstick is different to the fund's benchmark which we use to measure the fund's financial performance, you can learn more about this [here](#).

Yardstick: INVECO Global Water ETF (100% listed companies).

Pathfinder: Global Water Fund (92.48% International and Australasian equities, 7.52% cash & cash equivalents).

For more details on the fund's asset allocation, read our [SIFD here](#).

Where we're invested: yardstick vs our fund

Here are our listed company investments for the fund by sector. Implementation of our investment process means the degree to which we invest in each sector is different from the yardstick.

To the right shows where we invest compared to the yardstick.

Both our fund and the yardstick invest in listed companies connected to water:

Global Water Fund: companies connected to water quality, accessibility or sustainability.

Yardstick: companies that create products designed to conserve and purify water for homes, businesses and industries.

These listed companies are found in specific sectors, so both funds are similar in terms of sector distribution. As active managers, we can adjust the amount of each stock, exclude any that don't fit our criteria and add companies that align with our Ethical Investment Policy.

What is the Weighted Average Carbon Intensity (WACI) of this fund?

Compared to the yardstick, the listed company investments in the fund have a 31% higher Weighted Average Carbon Intensity (WACI). A lower WACI value is better if you're looking for low carbon emission investments – you can read more about WACI [here](#).

■ Global Water Fund

■ Yardstick

Where is this carbon coming from, by sector:

tCO2e/\$1mUSD

Global Water Fund: 39.1 Yardstick: 27.5	Global Water Fund: 0 Yardstick: 2.6	Global Water Fund: 0.6 Yardstick: 0.4
Utilities	Materials	Information Technology
Global Water Fund: 0.5 Yardstick: 0.2	Global Water Fund: 44.6 Yardstick: 33.8	
Health Care	Industrials	

The Utilities sector and Industrials sector make up the largest portion of the overall WACI value of both the yardstick and our fund.

What is the Weighted Average Water Intensity (WAWI) of this fund?

Compared to the yardstick, the listed company investments in the fund have a 28% lower Weighted Average Water Intensity (WAWI). A lower WAWI value is better if you're looking for lower water intensive investments - you can read more about WAWI [here](#).

■ Global Water Fund

■ Yardstick

Where is the water being used, by sector:

Water use: m3/\$1mUSD

Global Water Fund: 37776.98 Yardstick: 29,227.58	Global Water Fund: 0 Yardstick: 58.35	Global Water Fund: 3.28 Yardstick: 1.5
Utilities	Materials	Information Technology
Global Water Fund: 8.25 Yardstick: 0.98	Global Water Fund: 114.60 Yardstick: 23,977.16	Global Water Fund: 0 Yardstick: 0.19
Health Care	Industrials	Consumer Discretionary

We have less exposure to water intensive companies than the yardstick. In a water fund, we think that's important.

View more Global Water Fund data on the next page.



Global Water Fund



Zoom in to view data

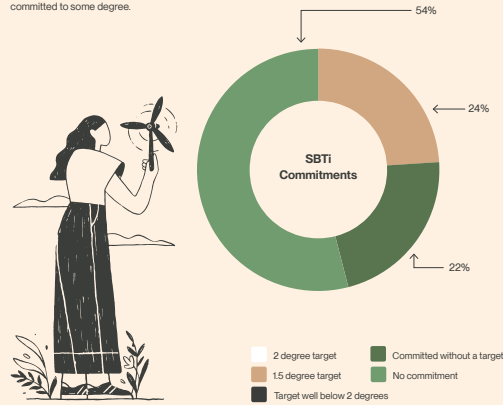
Global Water Fund

How committed are the individual listed companies in this fund to helping reach the Paris Agreement?

While each company might answer this differently, we can only report what a company discloses.

We need a common, reliable, effective measure, so we look at whether a company has committed to a **Science Based Target initiative (SBTi)**. 46% of the listed companies held in the Global Water Fund are committed to some degree.

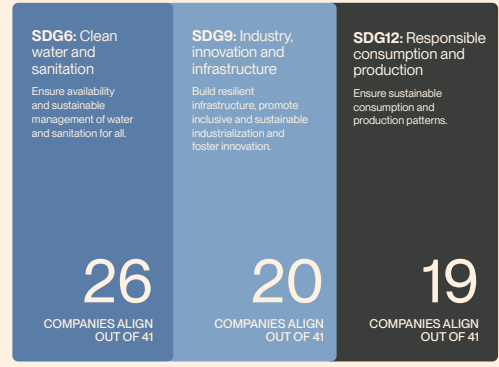
These targets are scientifically confirmed requirements that set out pathways for transitioning to a low carbon economy, helping to achieve the goals set out in the **Paris Agreement**.



Which United Nations Sustainable Development Goals are relevant to this fund?

We support the United Nations Sustainable Development Goals (SDGs) which act as a blueprint to help achieve a better and more sustainable future for all.

Below you'll see the SDGs we consider most relevant to the sectors we invest the most in, as well as the number of listed companies in this fund that self-report as aligning with each of these SDGs. The consequences of this commitment are specific to each company and not available through our data provider.



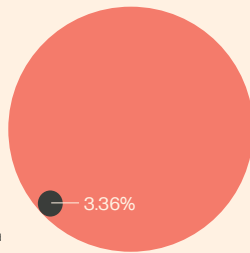
Are there any listed companies in this fund that have been granted exceptions to our exclusions?

This looks at how well we're doing 'avoiding harm' via our **robust exclusions**.

1 of 41 listed companies in this fund have been granted an exception to our exclusions (which comprises 3.36% of the total funds invested in listed companies).

You can read more about the rigorous process used to grant these exceptions [here](#).

■ Total funds invested in listed companies
■ Exceptions granted

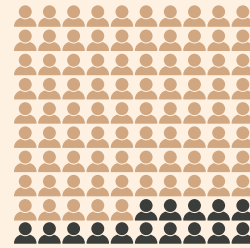


Human rights

85% of the listed companies within the Global Water Fund have a human rights policy.

This can be an indicator that a company is serious about protecting human rights, but it's not a guarantee. As an active manager we have the flexibility to not invest in companies who have controversies related to human rights.

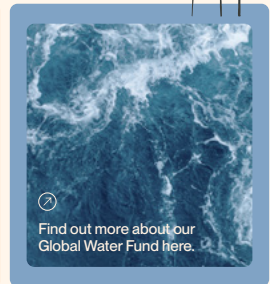
■ Percentage has a policy
■ Percentage does not have a policy



Further details

For the information on these pages we have used the Global Water Funds' holdings in listed companies as at **30 June 2024** and the **INVECO Global Water ETF** as at **30 June 2024**. All ESG and revenue data and analysis tools are provided by **London Stock Exchange Group (LSEG) Data & Analytics**, formerly known as Refinitiv. We cannot verify the underlying source of LSEG's ESG and revenue data and make no representation or warranty as to its accuracy or completeness. The analysis and comparison to our 'yardstick' is based on listed companies for which we have relevant data available from LSEG, being at least 95% of our listed companies (by value) and over 96% of listed companies in the yardstick (by value).

Pathfinder Asset Management Limited is the issuer of the Pathfinder Global Water Fund. A Product Disclosure Statement for the offer is available at [pathfinder.lklw](#)





Zoom in to view data

Global Property Fund



Ethical Scorecard
As at 30th June 2024

Global Property Fund

Due to data availability, this report only provides metrics on the listed equities and listed property assets (which we refer to as 'listed companies' in this scorecard) in the Global Property Fund. While not all the data in this scorecard informs our investment decisions, we have included it because we think it is important that you know about the ethical characteristics of the companies you're invested in when you invest with us.

On our website, you can view the financial performance of our funds, but what about the ethical performance? This report shows you key ethical metrics for the Global Property Fund that our investing seeks to impact, and which we have the data to measure.

For information on the source for this data, check out the 'Further details' on the last page of this scorecard.

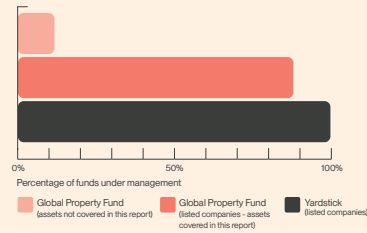
In line with our Ethical Investment Policy, this fund seeks to avoid our listed excluded activities and tilt towards our positive investment themes with the overall goal of respecting people, our planet and animals.

[Read our Ethical Investment Policy to learn more.](#)

What we are comparing ourselves to: the yardstick

We measure the ethical performance of the listed companies in the Global Property Fund against the FTSE EPRA Nareit Global Real Estate Index Series – we call this our 'yardstick'. We use this as a yardstick for two reasons: 1. because it provides a comprehensive representation of the performance of more than 300 global listed property companies, and 2. because those stocks weren't selected based on ethical or sustainable criteria. This means we can show you the difference, in ethical metrics, between our investments and a more conventional alternative.

This yardstick is different to the fund's benchmark which we use to measure the fund's financial performance, you can learn more about this [here](#).



Yardstick: FTSE EPRA Nareit Global Real Estate Index Series (100% listed property companies).

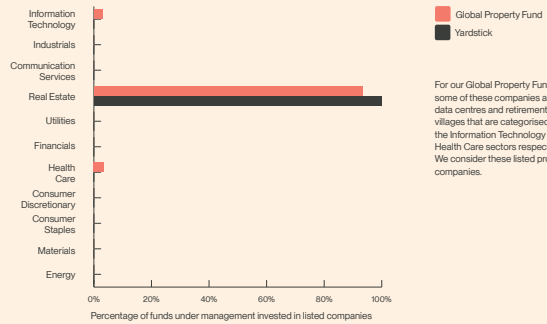
Pathfinder: Global Property Fund (88.23% listed property, 10.73% cash & cash equivalents, 1.04% New Zealand and International fixed interest).

For more details on the fund's asset allocation, read our [SIPO here](#).

Where we're invested: yardstick vs our fund

Here are our listed company investments for the fund by sector. The Global Property Fund holds a diverse selection of global real estate which is mostly categorised in the Real Estate sector.

To the right shows where we invest compared to the yardstick.

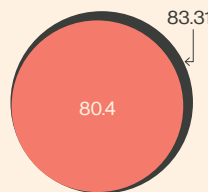


For our Global Property Fund, some of these companies are data centres and retirement villages that are categorised in the Information Technology and Health Care sectors respectively. We consider these listed property companies.

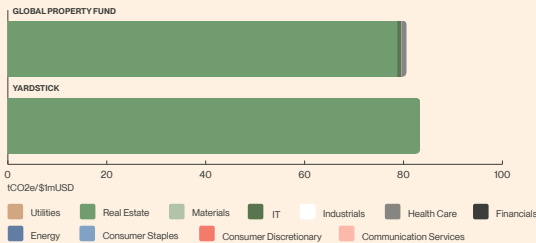
What is the Weighted Average Carbon Intensity (WACI) of this fund?

Compared to the yardstick, the listed company investments in the fund have a 6% lower Weighted Average Carbon Intensity (WACI). A lower WACI value is better if you're looking for low carbon emission investments – you can read more about WACI [here](#). The higher WACI value of our fund means, on average, we are invested in less carbon efficient listed property companies than the yardstick.

Global Property Fund: 80.4 | Yardstick: 83.31



Where is this carbon coming from, by sector:



The Global Property Fund is a single-sector fund (Real Estate) invested in property and infrastructure opportunities.

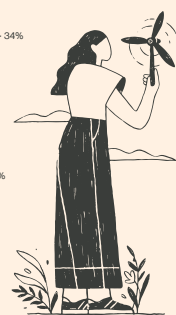
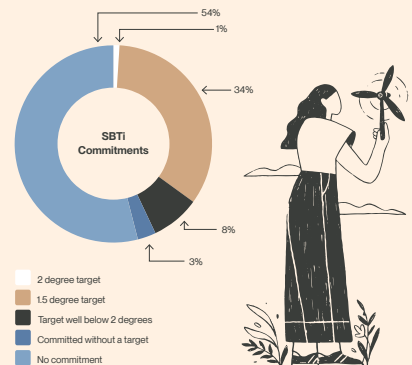
Our portfolio favours companies actively engaged in development and business expansion, which has implications for the fund's WACI value, as these listed companies tend to have higher emissions due to the energy-intensive nature of their operations and ongoing construction activities.

We have invested more in listed companies involved in digital infrastructure due to the high growth potential.

How committed are the individual listed companies in this fund to helping reach the Paris Agreement?

While each company might answer this differently, we can only report what a company discloses. We need a common, reliable, effective measure, so we look at whether a company has committed to a [Science Based Target initiative \(SBTI\)](#). 46% of the listed companies held in the Global Property Fund are committed to some degree.

These targets are scientifically confirmed requirements that set out pathways for transitioning to a low carbon economy, helping to achieve the goals set out in the [Paris Agreement](#).



Which United Nations Sustainable Development Goals are relevant to this fund?

We support the United Nations Sustainable Development Goals (SDGs) which act as a blueprint to help achieve a better and more sustainable future for all. Below you'll see the SDGs we consider most relevant to the sectors we invest the most in, as well as the number of listed companies in this fund that self-report as aligning with each of these SDGs. The consequences of this commitment are specific to each company and not available through our data provider.

SDG9: Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

38
COMPANIES ALIGN OUT OF 71

SDG11: Sustainable cities and communities

Make cities and human settlements inclusive, safe, resilient and sustainable.

54
COMPANIES ALIGN OUT OF 71

Are there any listed companies in this fund that have been granted exceptions to our exclusions?

This looks at how well we're doing 'avoiding harm' via our robust exclusions.

0 of 71 listed companies in this fund have been granted an exception to our exclusions (which comprises 0% of the total funds invested in listed companies).

You can read more about the rigorous process used to grant these exceptions [here](#).

Total funds invested in listed companies: 100%
Exceptions granted: 0%



Human rights

86% of the listed companies within the Global Property Fund have a human rights policy.

This can be an indicator that a company is serious about protecting human rights, but it's not a guarantee. As an active manager we have the flexibility to not invest in companies who have controversies related to human rights.



Further details

For the information on these pages we have used the Global Property Fund's holdings in listed companies as at **30 June 2024**. We have used the FTSE EPRA Nareit Global Real Estate Index Series as at **30 June 2024**. All ESG and revenue data and analysis tools are provided by London Stock Exchange Group (LSEG) Data & Analytics, formerly known as Refinitiv. We cannot verify the underlying source of LSEG's ESG and revenue data and make no representation or warranty as to its accuracy or completeness. The analysis and comparison to our 'yardstick' is based on listed companies for which we have relevant data available from LSEG, being at least 95% of our listed companies (by value) and over 96% of listed companies in the yardstick (by value).

Pathfinder Asset Management Limited is the issuer of the Pathfinder Global Property Fund. A Product Disclosure Statement for the offer is available at [pathfinder.kwi](#)



Global Responsibility Fund

Due to data availability, this report only provides metrics on the listed equities and listed property assets (which we refer to as 'listed companies' in this scorecard) in the Global Responsibility Fund. While not all the data in this scorecard informs our investment decisions, we have included it because we think it is important that you know about the ethical characteristics of the companies you're invested in when you invest with us.



Zoom in to view data

On our website, you can view the financial performance of our funds, but what about the ethical performance? This report shows you key ethical metrics for the Global Responsibility Fund that our investing seeks to impact, and which we have the data to measure.

For information on the source for this data, check out the 'Further details' on the last page of this scorecard.

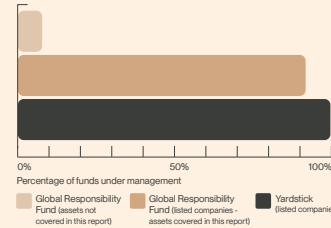
In line with our Ethical Investment Policy, this fund seeks to avoid our listed excluded activities and tilt towards our positive investment themes with the overall goal of respecting people, our planet and animals.

Read our Ethical Investment Policy to learn more.

What we are comparing ourselves to: the yardstick

We measure the ethical performance of the listed companies in the Global Responsibility Fund against the Morningstar Global Markets ex-Australia Index – we call this our 'yardstick'. We use this as a yardstick for two reasons: 1. because it provides a comprehensive representation of the performance of more than 7000 global stocks from both developed and emerging markets, and 2. because those stocks weren't selected based on ethical or sustainable criteria. This means we can show you the difference, in ethical metrics, between our investments and a more conventional alternative.

This yardstick is different to the fund's benchmark which we use to measure the fund's financial performance, you can learn more about this [here](#).



Yardstick: Morningstar Global Markets ex-Australia Index (100% listed companies).

Pathfinder: Global Responsibility Fund 192-45%, International and Australasian listed equities and listed property, 7.55% cash and cash equivalents.

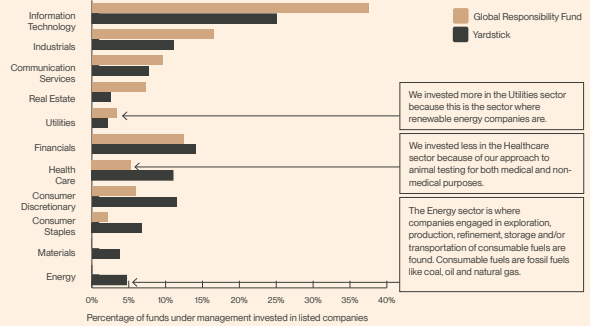
For more details on the fund's asset allocation, read our SIFO [here](#).

Where we're invested: yardstick vs our fund

Here are our listed company investments for the fund by sector. Because we seek to exclude a wide range of activities, the degree to which we invest in each sector is different from the yardstick.

To learn more about how we apply these exclusions (including permitted revenue thresholds and exceptions) you can read our Ethical Investment Policy [here](#).

To the right shows where we invest compared to the yardstick.



We invested more in the Utilities sector because this is the sector where renewable energy companies are.

We invested less in the Healthcare sector because of our approach to animal testing for both medical and non-medical purposes.

The Energy sector is where companies engaged in exploration, production, refinement, storage and/or transportation of consumable fuels are found. Consumable fuels are fossil fuels like coal, oil and natural gas.

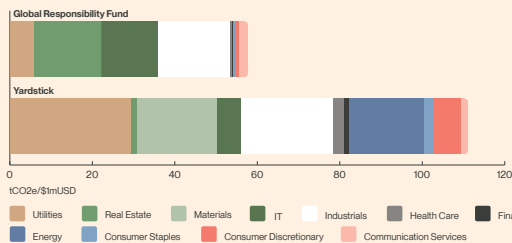
Global Responsibility Fund

What is the Weighted Average Carbon Intensity (WACI) of this fund?

Compared to the yardstick, the listed company investments in the fund have 52% of the Weighted Average Carbon Intensity (WACI). A lower WACI value is better if you're looking for low carbon emission investments – you can read more about WACI [here](#).



Where is this carbon coming from, by sector:

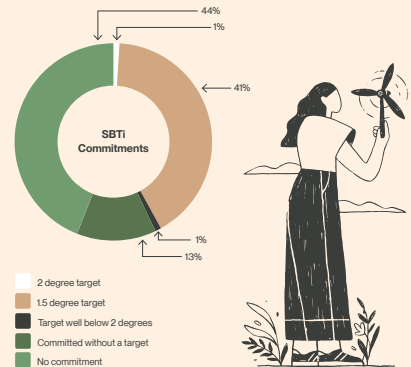


Of our listed company investments in the Global Responsibility Fund (by value), implementation of our investment process means that most sectors have lower exposure to carbon-intensive companies in comparison to the yardstick – the exceptions are the Communication Services sector, Real Estate sector and Information Technology sectors. When we consider our overall fund the WACI value is significantly lower than the WACI value of the yardstick.

How committed are the individual companies in this fund to helping reach the Paris Agreement?

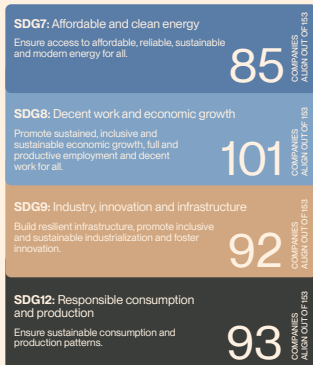
While each company might answer this differently, we can only report what a company discloses. We need a common, reliable, effective measure, so we look at whether a company has committed to a [Science Based Target initiative](#) (SBTI). 56% of the listed companies held in the Global Responsibility Fund are committed to some degree.

These targets are scientifically confirmed requirements that set out pathways for transitioning to a low carbon economy, helping to achieve the goals set out in the [Paris Agreement](#).



Which United Nations Sustainable Development Goals are relevant to this fund?

We support the United Nations Sustainable Development Goals (SDGs) which act as a blueprint to help achieve a better and more sustainable future for all. Below you'll see the SDGs we consider most relevant to the sectors we invest the most in, as well as the number of listed companies in this fund that self-report as aligning with each of these SDGs. The consequences of this commitment are specific to each company and not available through our data provider.



Are there any listed companies in this fund that have been granted exceptions to our exclusions?

This looks at how well we're doing 'avoiding harm' via our robust exclusions.

2 of 153 listed companies in this fund have been granted an exception to our exclusions (which comprises 0.95% of the total funds invested in listed companies).

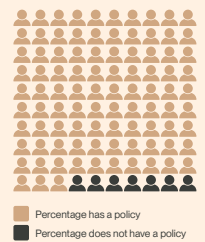
You can read more about the rigorous process used to grant these exceptions [here](#).



Human rights

93% of the listed companies within the Global Responsibility Fund have a human rights policy.

This can be an indicator that a company is serious about protecting human rights, but it's not a guarantee. As an active manager we have the flexibility to not invest in companies who have controversies related to human rights.



Further details

For the information on these pages we have used the Global Responsibility Fund's holdings in listed companies as at 30 June 2024. We have used the Morningstar Global Markets ex-Australia Index holdings as at 30 June 2024. All ESG and revenue data and analysis tools are provided by London Stock Exchange Group (LSEG) Data & Analytics, formerly known as Refinitiv. We cannot verify the underlying source of LSEG's ESG and revenue data and make no representation or warranty as to its accuracy or completeness. The analysis and comparison to our 'yardstick' is based on listed companies for which we have relevant data available from LSEG, being at least 95% of our listed companies (by value) and over 96% of listed companies in the yardstick (by value).

Pathfinder Asset Management Limited is the issuer of the Pathfinder Global Responsibility Fund. A Product Disclosure Statement for the offer is available at [pathfinder.lsl](#)



Zoom in to view data

Ethical Trans-Tasman Fund



Ethical Scorecard
As at 30th June 2024

Ethical Trans-Tasman Fund

Due to data availability, this report only provides metrics on the listed equities and listed property assets (which we refer to as 'listed companies' in this scorecard) in the Ethical Trans-Tasman Fund. While not all the data in this scorecard informs our investment decisions, we have included it because we think it is important that you know about the ethical characteristics of the companies you're invested in when you invest with us.

On our website, you can view the financial performance of our funds, but what about the ethical performance? This report shows you key ethical metrics for the Ethical Trans-Tasman Fund that our investing seeks to impact, and which we have the data to measure.

For information on the source for this data, check out the 'Further details' on the last page of this scorecard.

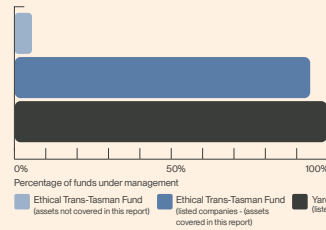
In line with our Ethical Investment Policy, this fund seeks to avoid our listed excluded activities and tilt towards our positive investment themes with the overall goal of respecting people, our planet and animals.

Read our Ethical Investment Policy to learn more.

What we are comparing ourselves to: the yardstick

We measure the ethical performance of the listed companies in the Ethical Trans-Tasman Fund against the Morningstar Australia New Zealand 50/50 Index – we call this our 'yardstick'. We use this as a yardstick for two reasons: 1. because it provides a comprehensive representation of the performance of more than 230 Australasian stocks, and 2. because those stocks weren't selected based on ethical or sustainable criteria. This means we can show you the difference, in ethical metrics, between our investments and a more conventional alternative.

This yardstick is different to the fund's benchmark which we use to measure the fund's financial performance, you can learn more about this [here](#).



Yardstick: Morningstar Australia New Zealand 50/50 Index (100% listed companies).

Pathfinder: Ethical Trans-Tasman Fund (91.62% Australasian listed companies and listed property, 6.33% cash and cash equivalents, 2.06% New Zealand fixed interest).

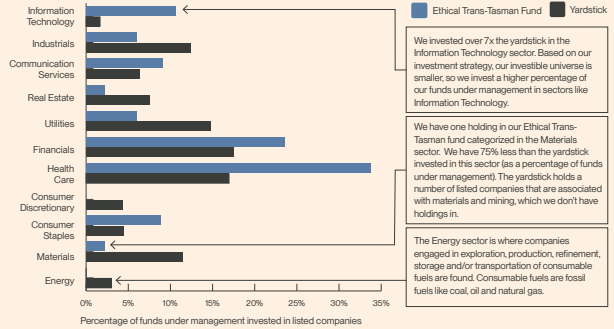
For more details on the fund's asset allocation, read our SIFD [here](#).

Where we're invested: yardstick vs our fund

Here are our listed company investments for the fund by sector. Because we seek to exclude a wide range of activities, the degree to which we invest in each sector is different from the yardstick.

To learn more about how we apply these exclusions (including permitted revenue thresholds and exceptions) you can read our Ethical Investment Policy [here](#).

To the right shows where we invest compared to the yardstick.



We invested over 7x the yardstick in the Information Technology sector. Based on our investment strategy, our investible universe is smaller, so we invest a higher percentage of our funds under management in sectors like Information Technology.

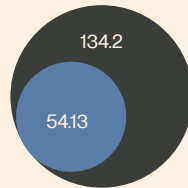
We have one holding in our Ethical Trans-Tasman fund categorized in the Materials sector. We have 75% less than the yardstick invested in this sector (as a percentage of funds under management). The yardstick holds a number of listed companies that are associated with materials and mining, which we don't have holdings in.

The Energy sector is where companies engaged in exploration, production, refinement, storage and/or transportation of consumable fuels are found. Consumable fuels are fossil fuels like coal, oil and natural gas.

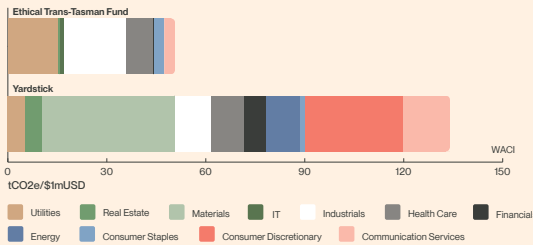
What is the Weighted Average Carbon Intensity (WACI) of this fund?

Compared to the yardstick, the listed company investments in the fund have less than 45% of the Weighted Average Carbon Intensity (WACI). A lower WACI value is better if you're looking for low carbon emission investments – you can read more about WACI [here](#).

Ethical Trans-Tasman Fund: 54.13
Yardstick: 134.2



Where is this carbon coming from, by sector:



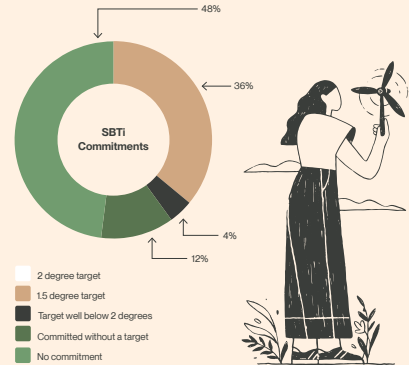
Of our listed company investments in the Ethical Trans-Tasman Fund (by value), implementation of our investment process means that some sectors are lower exposure to carbon-intensive companies in comparison to the yardstick. The sectors with higher

exposure to carbon-intensive companies than the yardstick include the Industrials sector, Consumer Staples sector and the Information Technology sector. When we consider our overall fund the WACI value is significantly lower than the WACI value of the yardstick.

How committed are the individual listed companies in this fund to helping reach the Paris Agreement?

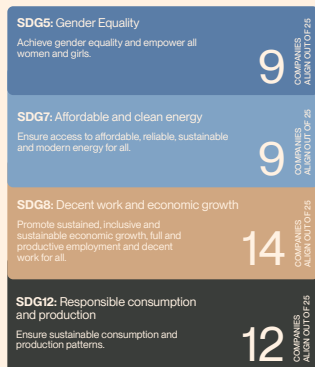
While each company might answer this differently, we can only report what a company discloses. We need a common, reliable, effective measure, so we look at whether a company has committed to a Science Based Target initiative (SBTI). 52% of the listed companies held in the Ethical Trans-Tasman Fund are committed to some degree.

These targets are scientifically confirmed requirements that set out pathways for transitioning to a low carbon economy, helping to achieve the goals set out in the Paris Agreement.



Which United Nations Sustainable Development Goals are relevant to this fund?

We support the United Nations Sustainable Development Goals (SDGs) which act as a blueprint to help achieve a better and more sustainable future for all. Below you'll see the SDGs we consider most relevant to the sectors we invest the most in, as well as the number of listed companies in this fund that self-report as aligning with each of these SDGs. The consequences of this commitment are specific to each company and not available through our data provider.



Are there any listed companies in this fund that have been granted exceptions to our exclusions?

This looks at how well we're doing 'avoiding harm' via our robust exclusions.

5 of 25 listed companies in this fund have been granted an exception to our exclusions (which comprises 25.15% of the total funds invested in listed companies).

You can read more about the rigorous process used to grant these exceptions [here](#).

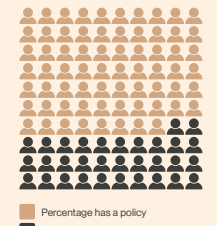
Total funds invested in listed companies: 25.15%
Exceptions granted: 5 companies



Human rights

68% of the listed companies within the Ethical Trans-Tasman Fund have a human rights policy.

This can be an indicator that a company is serious about protecting human rights, but it's not a guarantee. As an active manager we have the flexibility to not invest in companies who have controversies related to human rights.



Further details

For the information on these pages we have used the Ethical Trans-Tasman Fund's holdings in listed companies as at 30 June 2024. We have used the Morningstar Australia New Zealand 50/50 Index holdings as at 30 June 2024. All ESG and revenue data and analysis tools are provided by London Stock Exchange Group (LSEG) Data & Analytics formerly known as Refinitiv. We cannot verify the underlying source of LSEG's ESG and revenue data and make no representation or warranty as to its accuracy or completeness. The analysis and comparison to our 'yardstick' is based on listed shares in those companies for which we have relevant data available from LSEG, being at least 95% of our listed companies (by value) and over 96% of listed companies in the yardstick (by value).

Pathfinder Asset Management Limited is the issuer of the Pathfinder Ethical Trans-Tasman Fund. A Product Disclosure Statement for the offer is available at [pathfinder.ai](#)



Zoom in to view data

Ethical Growth Fund



Ethical Scorecard
As at 30th June 2024

Ethical Growth Fund

Due to data availability, this report only provides metrics on the listed equities and listed property assets (which we refer to as 'listed companies' in this scorecard) in the Ethical Growth Fund. While not all the data in this scorecard informs our investment decisions, we have included it because we think it is important that you know about the ethical characteristics of the companies you're invested in when you invest with us.

On our website, you can view the financial performance of our funds, but what about the ethical performance? This report shows you key ethical metrics for the Ethical Growth Fund that our investing seeks to impact, and which we have the data to measure.

For information on the source for this data, check out the 'Further details' on the last page of this scorecard.

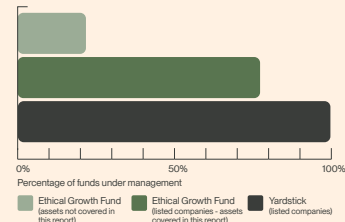
In line with our Ethical Investment Policy, this fund seeks to avoid our listed excluded activities and tilt towards our positive investment themes with the overall goal of respecting people, our planet and animals.

[Read our Ethical Investment Policy to learn more.](#)

What we are comparing ourselves to: the yardstick

We measure the ethical performance of the listed companies in the Ethical Growth Fund against the Morningstar Global Markets ex-Australia Index – we call this our 'yardstick'. We use this as a yardstick for two reasons: 1. because it provides a comprehensive representation of the performance of more than 7,000 global stocks from both developed and emerging markets, and 2. because those stocks weren't selected based on ethical or sustainable criteria. This means we can show you the difference, in ethical metrics, between our investments and a more conventional alternative.

This yardstick is different to the fund's benchmark which we use to measure the fund's financial performance, you can learn more about this [here](#).



Yardstick: Morningstar Global Markets ex-Australia Index (100% listed companies).

Pathfinder: Ethical Growth Fund (76.96% International and Australasian equities and listed property, 7.22% cash & cash equivalents, 13.20% New Zealand and International fixed interest, 2.92% Other).

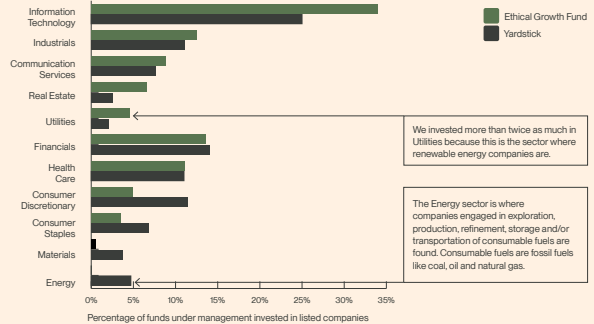
For more details on the fund's asset allocation, read our [SIFO here](#).

Where we're invested: yardstick vs our fund

Here are our listed company investments for the fund by sector. Because we seek to exclude a wide range of activities, the degree to which we invest in each sector is different from the yardstick.

To learn more about how we apply these exclusions (including permitted revenue thresholds and exceptions) you can read our Ethical Investment Policy [here](#).

To the right shows where we invest compared to the yardstick.



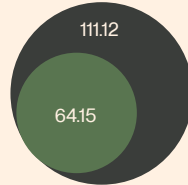
We invested more than twice as much in Utilities because this is the sector where renewable energy companies are.

The Energy sector is where companies engaged in exploration, production, refinement, storage and/or transportation of consumable fuels are found. Consumable fuels are fossil fuels like coal, oil and natural gas.

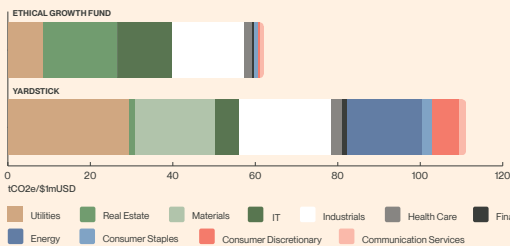
What is the Weighted Average Carbon Intensity (WACI) of this fund?

Compared to the yardstick, the listed company investments in the fund have 60% of the Weighted Average Carbon Intensity (WACI). A lower WACI value is better if you're looking for low carbon emission investments – you can read more about WACI [here](#).

Ethical Growth Fund: 64.15
Yardstick: 111.12



Where is this carbon coming from, by sector:



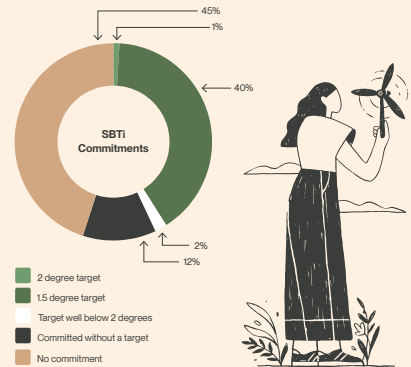
Of our listed company investments in the Ethical Growth Fund (by value), implementation of our investment process means that almost every sector has lower exposure to carbon-intensive companies in comparison to the yardstick –

the exceptions are the Real Estate sector and Information Technology sector. When we consider our overall fund the WACI value is significantly lower than the WACI value of the yardstick.

How committed are the individual listed companies in this fund to helping reach the Paris Agreement?

While each company might answer this differently, we can only report what a company discloses. We need a common, reliable, effective measure, so we look at whether a company has committed to a [Science Based Target initiative \(SBTI\)](#), 55% of the listed companies held in the Ethical Growth Fund are committed to some degree.

These targets are scientifically confirmed requirements that set out pathways for transitioning to a low carbon economy, helping to achieve the goals set out in the [Paris Agreement](#).



Which United Nations Sustainable Development Goals are relevant to this fund?

We support the United Nations Sustainable Development Goals (SDGs) which act as a blueprint to help achieve a better and more sustainable future for all. Below you'll see the SDGs we consider most relevant to the sectors we invest the most in, as well as the number of listed companies in this fund that self-report as aligning with each of these SDGs. The consequences of this commitment are specific to each company and not available through our data provider.

SDG7: Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy for all.	92	COMPANIES ALIGN OUT OF 170
SDG8: Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	109	COMPANIES ALIGN OUT OF 170
SDG9: Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	99	COMPANIES ALIGN OUT OF 170
SDG12: Responsible consumption and production Ensure sustainable consumption and production patterns.	101	COMPANIES ALIGN OUT OF 170

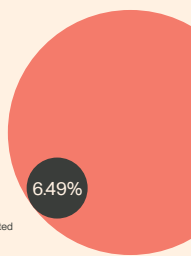
Are there any listed companies in this fund that have been granted exceptions to our exclusions?

This looks at how well we're doing 'avoiding harm' via our robust exclusions.

6 of 170 listed companies in this fund have been granted an exception to our exclusions (which comprises 6.49% of the total funds invested in listed companies).

You can read more about the rigorous process used to grant these exceptions [here](#).

Total funds invested in listed companies: 6.49%
Exceptions granted



Human rights

89% of the listed companies within the Ethical Growth Fund have a human rights policy.

This can be an indicator that a company is serious about protecting human rights, but it's not a guarantee. As an active manager we have the flexibility to not invest in companies who have controversies related to human rights.



Further details

For the information on these pages we have used the Ethical Growth Fund's holdings in listed companies as at 30 June 2024. We have used the Morningstar Global Markets ex-Australia Index holdings as at 30 June 2024. All ESG and revenue data and analysis tools are provided by [London Stock Exchange Group \(LSEG\) Data & Analytics](#), formerly known as Refinitiv. We cannot verify the underlying source of LSEG's ESG and revenue data and make no representation or warranty as to its accuracy or completeness. The analysis and comparison to our 'yardstick' is based on listed companies for which we have relevant data available from LSEG, being at least 95% of our listed companies (by value) and over 96% of listed companies in the yardstick (by value).

Pathfinder Asset Management Limited is the issuer of the Pathfinder Investment Funds. A Product Disclosure Statement for the offer is available at [pathfinder.kiwi](#)



Ethical Scorecard
As at 30th June 2024

Pathfinder KiwiSaver Growth Fund

Due to data availability, this report only provides metrics on the listed equities and listed property assets (which we refer to as 'listed companies' in this scorecard) in the Pathfinder KiwiSaver Growth Fund. While not all the data in this scorecard informs our investment decisions, we have included it because we think it is important that you know about the ethical characteristics of the companies you're invested in when you invest with us.



Zoom in to view data

On our website, you can view the financial performance of our funds, but what about the ethical performance? This report shows you key ethical metrics for the Pathfinder KiwiSaver Growth Fund that our investing seeks to impact, and which we have the data to measure.

For information on the source for this data, check out the 'Further details' on the last page of this scorecard.

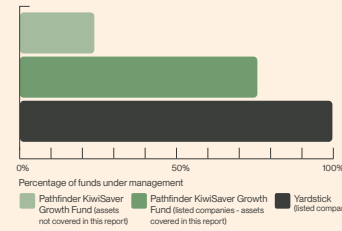
In line with our Ethical Investment Policy, this fund seeks to avoid our listed excluded activities and tilt towards our positive investment themes with the overall goal of respecting people, our planet and animals.

Read our Ethical Investment Policy to learn more.

What we are comparing ourselves to: the yardstick

We measure the ethical performance of the listed companies in the Pathfinder KiwiSaver Growth Fund against the Morningstar Global Markets ex-Australia Index – we call this our 'yardstick'. We use this as a yardstick for two reasons: 1. because it provides a comprehensive representation of the performance of more than 7,000 global stocks from both developed and emerging markets, and 2. because those stocks weren't selected based on ethical or sustainable criteria. This means we can show you the difference, in ethical metrics, between our investments and a more conventional alternative.

This yardstick is different to the fund's benchmark, which we use to measure the fund's financial performance, you can learn more about this [here](#).



Yardstick: Morningstar Global Markets ex-Australia (100% listed companies).

Pathfinder: KiwiSaver Growth Fund (76.25% International and Australasian listed equities and listed property, 7.50% cash and cash equivalents, 13.30% New Zealand and International fixed interest, 2.50% other).

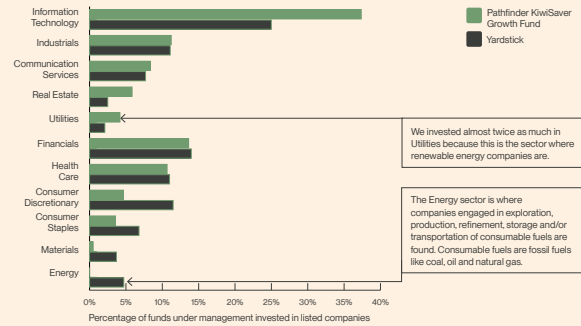
For more details on the fund's asset allocation, read our SIFD [here](#).

Where we're invested: yardstick vs our fund

Here are our listed company investments for the fund by sector. Because we seek to exclude a wide range of activities, the degree to which we invest in each sector is different from the yardstick.

To learn more about how we apply these exclusions (including permitted revenue thresholds and exceptions) you can read our Ethical Investment Policy [here](#).

To the right shows where we invest compared to the yardstick.



We invested almost twice as much in Utilities because this is the sector where renewable energy companies are.

The Energy sector is where companies engaged in exploration, production, refinement, storage and/or transportation of consumable fuels are found. Consumable fuels are fossil fuels like coal, oil and natural gas.

What is the Weighted Average Carbon Intensity (WACI) of this fund?

Compared to the yardstick, the listed company investments in the fund have less than 55% of the Weighted Average Carbon Intensity (WACI). A lower WACI value is better if you're looking for low carbon emission investments – you can read more about WACI [here](#).



Where is this carbon coming from, by sector:

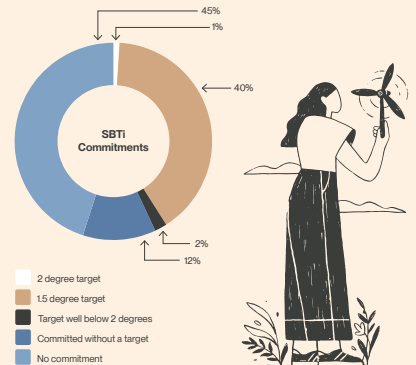


Of our listed company investments in the Pathfinder KiwiSaver Growth Fund (by value), implementation of our investment process means that most sectors have lower exposure to carbon-intensive companies in comparison to the yardstick – the exceptions are the Communication Services sector, Real Estate sector and Information Technology sector. When we consider our overall fund, the WACI value is significantly lower than the WACI value of the yardstick.

How committed are the individual listed companies in this fund to helping reach the Paris Agreement?

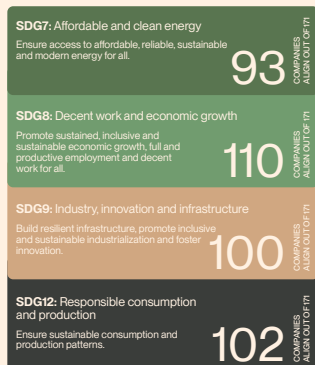
While each company might answer this differently, we can only report what a company discloses. We need a common, reliable, effective measure, so we look at whether a company has committed to a **Science Based Target initiative (SBTI)**. 55% of the listed companies held in the Pathfinder KiwiSaver Growth Fund are committed to some degree.

These targets are scientifically confirmed requirements that set out pathways for transitioning to a low carbon economy, helping to achieve the goals set out in the **Paris Agreement**.



Which United Nations Sustainable Development Goals are relevant to this fund?

We support the United Nations Sustainable Development Goals (SDGs) which act as a blueprint to help achieve a better and more sustainable future for all. Below you'll see the SDGs we consider most relevant to the sectors we invest the most in, as well as the number of listed companies in this fund that self-report as aligning with each of these SDGs. The consequences of this commitment are specific to each company and not available through our data provider.



Are there any listed companies in this fund that have been granted exceptions to our exclusions?

This looks at how well we're doing 'avoiding harm' via our robust exclusions.

6 of 171 listed companies in this fund have been granted an exception to our exclusions (which comprises 4.37% of the total funds invested in listed companies).

You can read more about the rigorous process used to grant these exceptions [here](#).



Human rights

89% of the listed companies within the Pathfinder KiwiSaver Growth Fund have a human rights policy.

This can be an indicator that a company is serious about protecting human rights, but it's not a guarantee. As an active manager we have flexibility to not invest in companies who have controversies related to human rights.



Further details

For the information on these pages we have used the Pathfinder KiwiSaver Growth Fund's holdings in listed companies as at **30 June 2024**. For the information on these pages we have used the Morningstar Global Markets ex-Australia Index holdings as at **30 June 2024**. All ESG and revenue data and analysis tools are provided by **London Stock Exchange Group (LSEG) Data & Analytics**, formerly known as Refinitiv. We cannot verify the underlying source of LSEG's ESG and revenue data and make no representation or warranty as to its accuracy or completeness. The analysis and comparison to our 'yardstick' is based on listed companies for which we have relevant data available from LSEG, being at least 95% of our listed companies (by value) and over 96% of listed companies in the yardstick (by value).

Pathfinder Asset Management Limited is the issuer of the Pathfinder KiwiSaver Plan. A Product Disclosure Statement for the offer is available at [pathfinder.lxi](#)

KiwiSaver Growth Fund



Zoom in to view data

Kiwisaver Balanced Fund



Ethical Scorecard

As at 30th June 2024

Pathfinder KiwiSaver Balanced Fund

Due to data availability, this report only provides metrics on the listed equities and listed property assets (which we refer to as 'listed companies' in this scorecard) in the Pathfinder KiwiSaver Balanced Fund. While not all the data in this scorecard informs our investment decisions, we have included it because we think it is important that you know about the ethical characteristics of the companies you're invested in when you invest with us.

On our website, you can view the financial performance of our funds, but what about the ethical performance? This report shows you key ethical metrics for the Pathfinder KiwiSaver Balanced Fund that our investing seeks to impact, and which we have the data to measure.

For information on the source for this data, check out the 'Further details' on the last page of this scorecard.

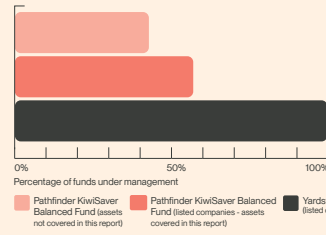
In line with our Ethical Investment Policy, this fund seeks to avoid our listed excluded activities and tilt towards our positive investment themes with the overall goal of respecting people, our planet and animals.

[Read our Ethical Investment Policy to learn more.](#)

What we are comparing ourselves to: the yardstick

We measure the ethical performance of the listed companies in the Pathfinder KiwiSaver Balanced Fund against the Morningstar Global Markets ex-Australia Index – we call this our 'yardstick'. We use this as a yardstick for two reasons: 1. because it provides a comprehensive representation of the performance of more than 7,000 global stocks from both developed and emerging markets, and 2. because those stocks weren't selected based on ethical or sustainable criteria. This means we can show you the difference, in ethical metrics, between our investments and a more conventional alternative.

This yardstick is different to the fund's benchmark which we use to measure the fund's financial performance, you can learn more about this [here](#).



Yardstick: Morningstar Global Markets ex-Australia Index (100% listed companies).
Pathfinder: KiwiSaver Balanced Fund (56.77% International and Australasian listed equities and listed property, 12.80% cash and cash equivalents, 27.80% New Zealand and International fixed interest, 2.63% Other).

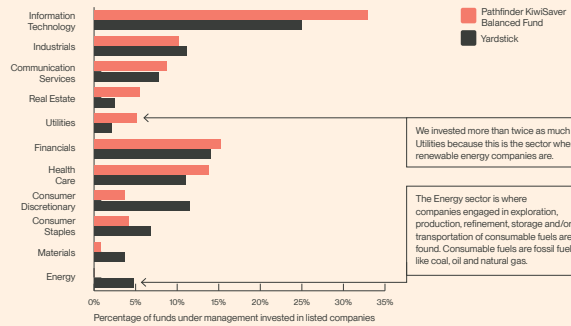
For more details on the fund's asset allocation, read our [SPO here](#).

Where we're invested: yardstick vs our fund

Here are our listed company investments for the fund by sector. Because we seek to exclude a wide range of activities, the degree to which we invest in each sector is different from the yardstick.

To learn more about how we apply these exclusions (including permitted revenue thresholds and exceptions) you can read our Ethical Investment Policy [here](#).

To the right shows where we invest compared to the yardstick.



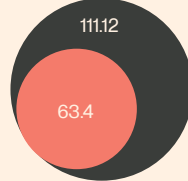
We invested more than twice as much in Utilities because this is the sector where renewable energy companies are.

The Energy sector is where companies engaged in exploration, production, refinement, storage and/or transportation of consumable fuels are found. Consumable fuels are fossil fuels like coal, oil and natural gas.

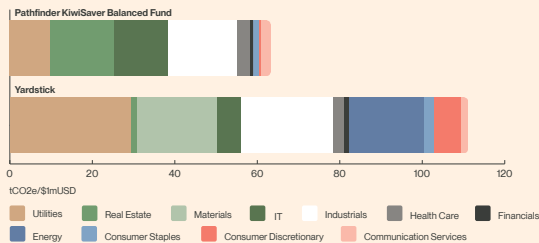
What is the Weighted Average Carbon Intensity (WACI) of this fund?

Compared to the yardstick, the listed company investments in the fund have less than 60% of the Weighted Average Carbon Intensity (WACI). A lower WACI value is better if you're looking for low carbon emission investments – you can read more about WACI [here](#).

Pathfinder KiwiSaver Balanced Fund
 Yardstick



Where is this carbon coming from, by sector:

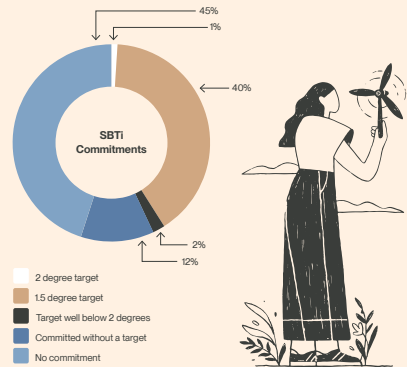


Of our listed company investments in the Pathfinder KiwiSaver Balanced Fund (by value), implementation of our investment process means that most sectors have lower exposure to carbon-intensive companies in comparison to the yardstick – the exceptions are the Communication Services sector, Health Care sector, Real Estate sector and Information Technology sector. When we consider our overall fund, the WACI value is significantly lower than the WACI value of the yardstick.

How committed are the individual listed companies in this fund to helping reach the Paris Agreement?

While each company might answer this differently, we can only report what a company discloses. We need a common, reliable, effective measure, so we look at whether a company has committed to a [Science Based Target initiative \(SBTI\)](#). 55% of the listed companies held in the Pathfinder KiwiSaver Balanced Fund are committed to some degree.

These targets are scientifically confirmed requirements that set out pathways for transitioning to a low carbon economy, helping to achieve the goals set out in the [Paris Agreement](#).



Which United Nations Sustainable Development Goals are relevant to this fund?

We support the United Nations Sustainable Development Goals (SDGs) which act as a blueprint to help achieve a better and more sustainable future for all. Below you'll see the SDGs we consider most relevant to the sectors we invest the most in, as well as the number of listed companies in this fund that self-report as aligning with each of these SDGs. The consequences of this commitment are specific to each company and not available through our data provider.

SDG7: Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy for all.	92 COMPANIES ALIGN OUT OF 170
SDG8: Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	109 COMPANIES ALIGN OUT OF 170
SDG9: Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	99 COMPANIES ALIGN OUT OF 170
SDG12: Responsible consumption and production Ensure sustainable consumption and production patterns.	101 COMPANIES ALIGN OUT OF 170

Are there any listed companies in this fund that have been granted exceptions to our exclusions?

This looks at how well we're doing 'avoiding harm' via our robust exclusions.

6 of 170 listed companies in this fund have been granted an exception to our exclusions (which comprises 9.24% of the total funds invested in listed companies).

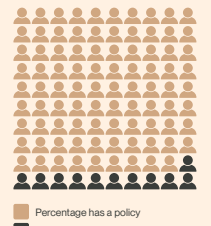
You can read more about the rigorous process used to grant these exceptions [here](#).



Human rights

89% of the listed companies within the Pathfinder KiwiSaver Balanced Fund have a human rights policy.

This can be an indicator that a company is serious about protecting human rights, but it's not a guarantee. As an active manager we have flexibility to not invest in companies who have controversies related to human rights.



Further details

For the information on these pages we have used the Pathfinder KiwiSaver Balanced Fund's holdings in listed companies as at **30 June 2024**. For the information on these pages we have used the Morningstar Global Markets ex-Australia Index holdings as at **30 June 2024**. All ESG and revenue data and analysis tools are provided by [London Stock Exchange Group \(LSEG\) Data & Analytics](#), formerly known as Refinitiv. We cannot verify the underlying source of LSEG's ESG and revenue data and make no representation or warranty as to its accuracy or completeness. The analysis and comparison to our 'yardstick' is based on listed companies for which we have relevant data available from LSEG, being at least 95% of our listed companies (by value) and over 96% of listed companies in the yardstick (by value).

Pathfinder Asset Management Limited is the issuer of the Pathfinder KiwiSaver Plan. A Product Disclosure Statement for the offer is available at [pathfinder.kwi](#)



Zoom in to view data

Kiwisaver Conservative Fund



Ethical Scorecard
As at 30th June 2024

Pathfinder KiwiSaver Conservative Fund

Due to data availability, this report only provides metrics on the listed equities and listed property assets (which we refer to as 'listed companies' in this scorecard) in the Pathfinder KiwiSaver Conservative Fund. While not all the data in this scorecard informs our investment decisions, we have included it because we think it is important that you know about the ethical characteristics of the companies you're invested in when you invest with us.

On our website, you can view the financial performance of our funds, but what about the ethical performance? This report shows you key ethical metrics for the Pathfinder KiwiSaver Conservative Fund that our investing seeks to impact, and which we have the data to measure.

For information on the source for this data, check out the 'Further details' on the last page of this scorecard.

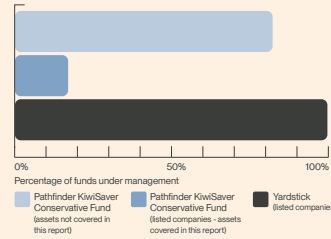
In line with our Ethical Investment Policy, this fund seeks to avoid our listed excluded activities and tilt towards our positive investment themes with the overall goal of respecting people, our planet and animals.

Read our Ethical Investment Policy to learn more.

What we are comparing ourselves to: the yardstick

We measure the ethical performance of the listed companies in the Pathfinder KiwiSaver Conservative Fund against the Morningstar Global Markets ex-Australia Index – we call this our 'yardstick'. We use this as a yardstick for two reasons: 1. because it provides a comprehensive representation of the performance of more than 7000 global stocks from both developed and emerging markets, and 2. because those stocks weren't selected based on ethical or sustainable criteria. This means we can show you the difference, in ethical metrics, between our investments and a more conventional alternative.

This yardstick is different to the fund's benchmark which we use to measure the fund's financial performance, you can learn more about this [here](#).



Yardstick: Morningstar Global Markets ex-Australia Index (100% listed companies).
Pathfinder: KiwiSaver Conservative Fund (7.34% International and Australasian listed equities and listed property, 23.86% cash and cash equivalents, 56.50% New Zealand and International fixed interest, 2.23% other).

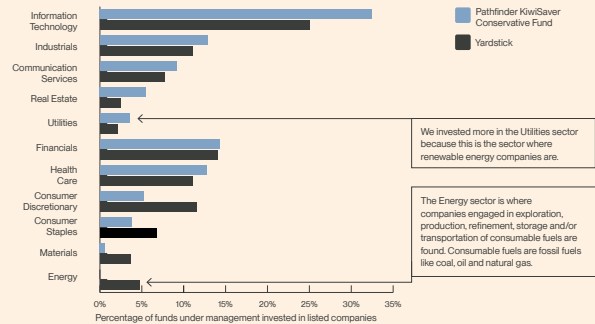
For more details on the fund's asset allocation, read our [SIPO here](#).

Where we're invested: yardstick vs our fund

Here are our listed company investments for the fund by sector. Because we seek to exclude a wide range of activities, the degree to which we invest in each sector is different from the yardstick.

To learn more about how we apply these exclusions (including permitted revenue thresholds and exceptions) you can read our Ethical Investment Policy [here](#).

To the right shows where we invest compared to the yardstick.



We invested more in the Utilities sector because this is the sector where renewable energy companies are.

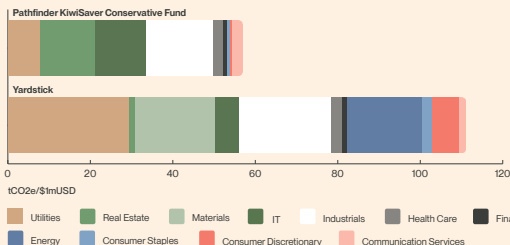
The Energy sector is where companies engaged in exploration, production, refinement, storage and/or transportation of consumable fuels are found. Consumable fuels are fossil fuels like coal, oil and natural gas.

What is the Weighted Average Carbon Intensity (WACI) of this fund?

Compared to the yardstick, the listed company investments in the fund have less than 55% of the Weighted Average Carbon Intensity (WACI). A lower WACI value is better if you're looking for low carbon emission investments – you can read more about WACI [here](#).



Where is this carbon coming from, by sector:

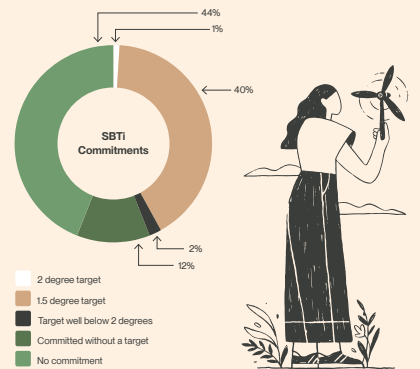


Of our listed company investments in the Pathfinder KiwiSaver Conservative Fund (by value), implementation of our investment process means that almost every sector has lower exposure to carbon-intensive companies in comparison to the yardstick – the exceptions are the Communication Services sector, Real Estate sector and Information Technology sector. When we consider our overall fund, the WACI value is significantly lower than the WACI value of the yardstick.

How committed are the individual listed companies in this fund to helping reach the Paris Agreement?

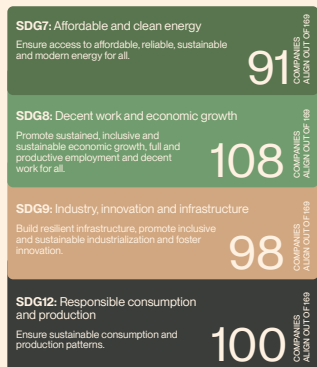
While each company might answer this differently, we can only report what a company discloses. We need a common, reliable, effective measure, so we look at whether a company has committed to a [Science Based Target initiative](#) (SBTI), 56% of the listed companies held in the Pathfinder KiwiSaver Conservative Fund are committed to some degree.

These targets are scientifically confirmed requirements that set out pathways for transitioning to a low carbon economy, helping to achieve the goals set out in the [Paris Agreement](#).



Which United Nations Sustainable Development Goals are relevant to this fund?

We support the United Nations Sustainable Development Goals (SDGs) which act as a blueprint to help achieve a better and more sustainable future for all. Below you'll see the SDGs we consider most relevant to the sectors we invest the most in, as well as the number of listed companies in this fund that self-report as aligning with each of these SDGs. The consequences of this commitment are specific to each company and not available through our data provider.



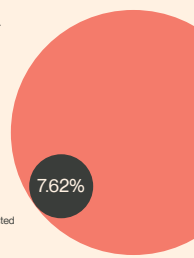
Are there any listed companies in this fund that have been granted exceptions to our exclusions?

This looks at how well we're doing 'avoiding harm' via our robust exclusions.

6 of 169 listed companies in this fund have been granted an exception to our exclusions (which comprises 7.62% of the total funds invested in listed companies).

You can read more about the rigorous process used to grant these exceptions [here](#).

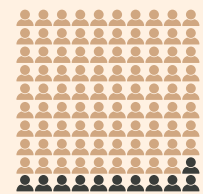
Total funds invested in listed companies
Exceptions granted



Human rights

89% of the listed companies within the Pathfinder KiwiSaver Conservative Fund have a human rights policy.

This can be an indicator that a company is serious about protecting human rights, but it's not a guarantee. As an active manager we have flexibility to not invest in companies who have controversies related to human rights.



Further details

For the information on these pages we have used the Pathfinder KiwiSaver Conservative Fund's holdings in listed companies as at 30 June 2024. For the information on these pages we have used the Morningstar Global Markets ex-Australia Index holdings as at 30 June 2024. All ESG and revenue data and analysis tools are provided by London Stock Exchange Group (LSEG) Data & Analytics, formerly known as Refinitiv. We cannot verify the underlying source of LSEG's ESG and revenue data and make no representation or warranty as to its accuracy or completeness. The analysis and comparison to our 'yardstick' is based on listed companies for which we have relevant data available from LSEG, being at least 95% of our listed companies (by value) and over 96% of listed companies in the yardstick (by value).

Pathfinder Asset Management Limited is the issuer of the Pathfinder KiwiSaver Plan. A Product Disclosure Statement for the offer is available at [pathfinder.kiwi](#)



Appendix D: Pathfinder and Investing In Women

This table shows how women are represented in the listed companies Pathfinder invests in compared to the relative yardstick.

For example, board members of the listed companies within the Global Water Fund are, on average, 35.3% women.

Average Percentage	Women on the board	Women executives	Women managers	Women employees
Global Water Fund	35.3%	24.6%	25.6%	28.3%
Yardstick (INVESCO Global Water ETF)	34.0%	26.4%	24.5%	29.3%
Global Property Fund	34.2%	21.3%	39.5%	47.9%
Yardstick (FTSE EPRA Nareit Global Real Estate Index Series)	31.7%	24.2%	39.4%	46.5%
Global Responsibility Fund	34.5%	23.3%	32.5%	38.2%
Yardstick (Morningstar Global Markets ex-Australia Index)	25.0%	17.1%	29.6%	35.9%
Ethical Trans-Tasman Fund	42.8%	33.4%	38.2%	46.0%
Yardstick (Morningstar Australia New Zealand 50/50 Index)	32.8%	24.4%	33.7%	38.3%
Ethical Growth Fund	35.1%	24.2%	32.9%	38.9%
Yardstick (Morningstar Global Markets ex-Australia Index)	25.0%	17.1%	29.6%	35.9%
KiwiSaver Conservative Fund	35.1%	24.3%	32.9%	38.9%
Yardstick (Morningstar Global Markets ex-Australia Index)	25.0%	17.1%	29.6%	35.9%
KiwiSaver Balanced Fund	35.2%	24.5%	33.0%	39.1%
Yardstick (Morningstar Global Markets ex-Australia Index)	25.0%	17.1%	29.6%	35.9%
KiwiSaver Growth Fund	35.2%	24.5%	33.0%	39.0%
Yardstick (Morningstar Global Markets ex-Australia Index)	35.3%	35.3%	35.3%	35.3%

As at 30 June 2024.

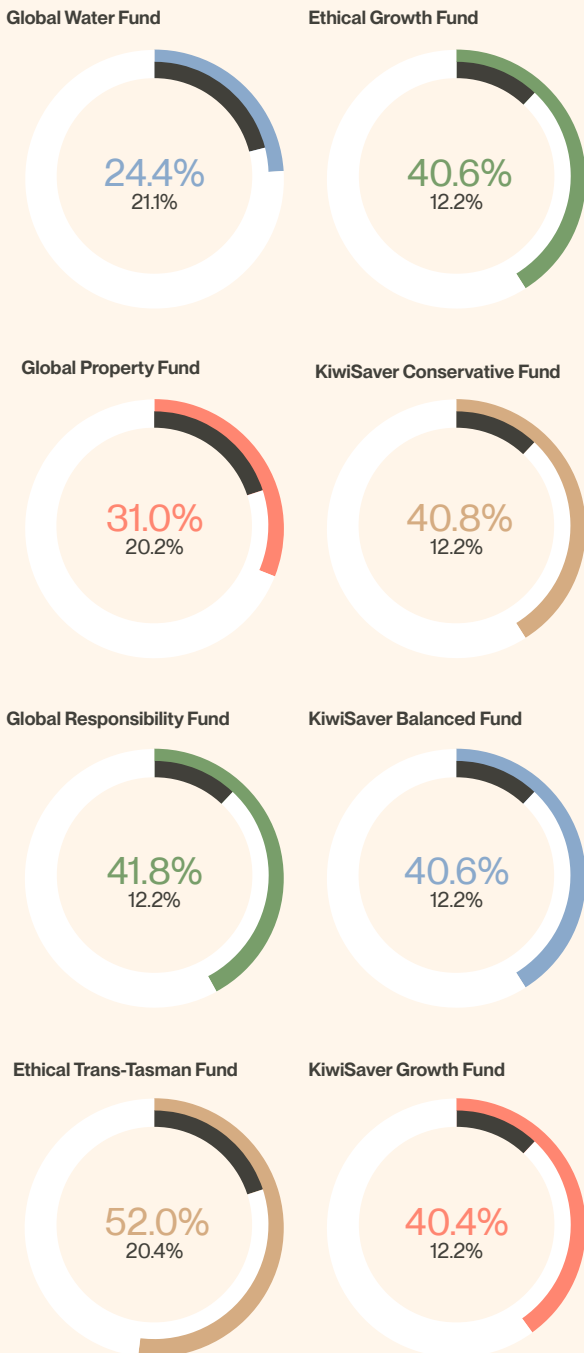


Pay gap reporting

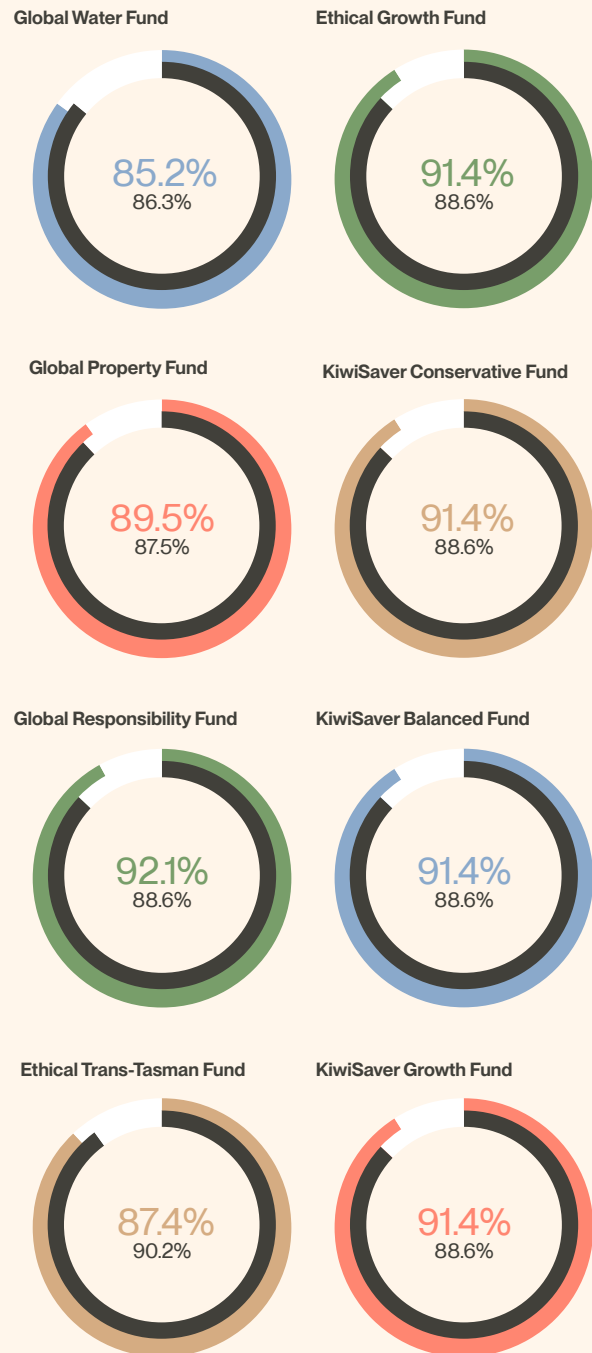


The gender pay gap is generally defined as the difference between male and female earnings¹⁸. According to the U.S. Census Bureau, the average gender pay gap in the U.S. was approximately 16% in 2023¹⁹, meaning that a woman earns, on average, 84% as much as her male counterparts. Across developed markets, in 2024, 33% of listed companies disclosed their gender pay gap data (up from 22% in 2023).²⁰ Companies that are not actively managing and monitoring pay disparities among their employees can face significant reputational, legal, and operational risks.

Percentage of listed companies within each fund that report the gender pay gap data:



The average gender pay gap of the listed companies that report on this data within each fund:



¹⁸ US Census Data: Gender Wage Gap Education

¹⁹ US Census Data 2023

²⁰ Equileap 2024 Gender Equality Report: Developed Markets

For example, on average - within the listed companies that report their data in the Global Water Fund - a woman is paid 85.2% of their male counterpart.



Pathfinder™

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Pathfinder Asset Management Limited is the issuer of the Pathfinder KiwiSaver Plan and Pathfinder Investment Funds.
A Product Disclosure Statement for the offer is available at pathfinder.kiwi