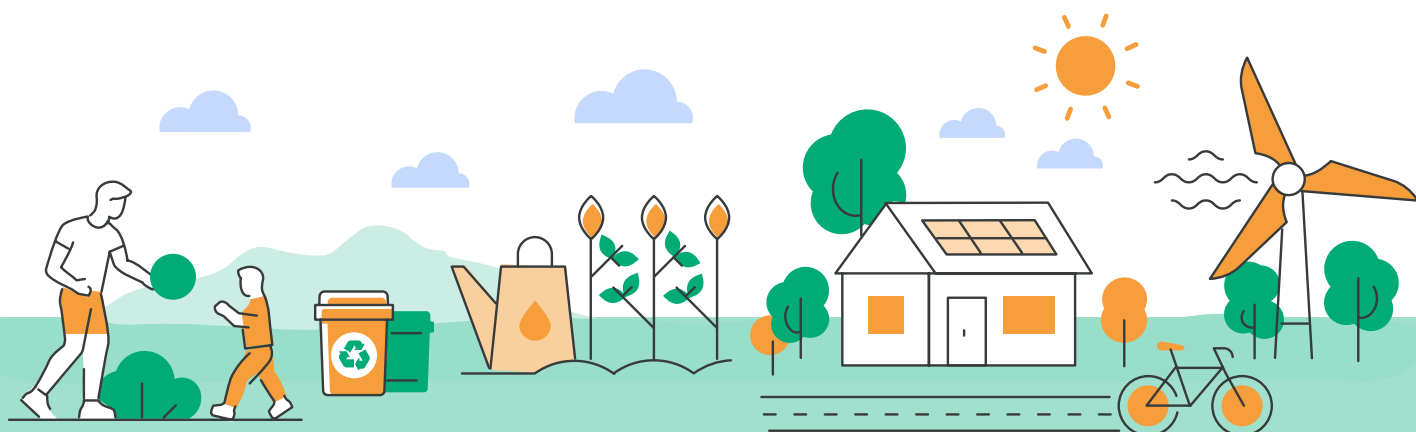


## Lifestages KiwiSaver Scheme

# Environmental, Social, and Governance (“ESG”) Investing Principles

30 September 2021



# We manage the Lifestages KiwiSaver Scheme to ensure that we invest responsibly.

We screen your KiwiSaver Investments to ensure that the following harmful practices are not invested in or are only invested in at levels that are minimised.



Military Weapons



Nuclear



Tobacco



Civilian Firearms



Alcohol



Gambling & Casinos



Adult Entertainment

We favour investments that are less carbon intensive.

The Lifestages High Growth Fund also has considerably less exposure to investments that have a Fossil Fuel involvement or high carbon emissions.

30% ↓

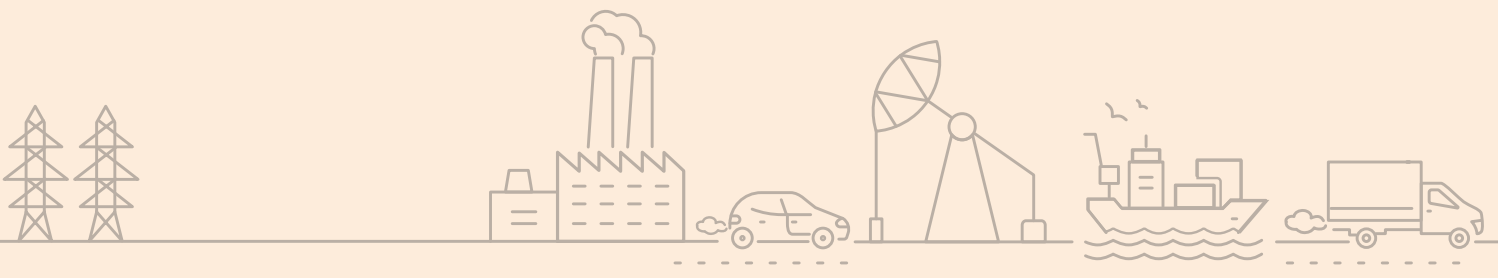
less carbon  
intense

than the fund's asset  
class benchmark\*

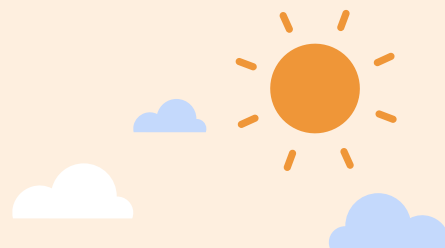
43% ↓

less exposed to  
fossil fuels

relative to the fund's  
asset class benchmark\*



# How we Manage Your Investments – the Details



**As a responsible partner in our members' investment journey, the goal of the team at Lifestages is to grow wealth sustainably over the long-term.**

We are always working to improve our approach to sustainable investing to make sure we can invest in a way that is consistent with as many of our members' personal values as possible. We have been investing this way since 2016 and are always constantly seeking new ways to improve our "foot print".

Our current approach uses some of the best ESG research available to make sure we are avoiding investments in companies that profit from industries that Kiwis think

cause harm. We also avoid investing in companies that aren't doing their fair share to reduce carbon emissions or are generally not promoting a fairer, greener future.

The Lifestages KiwiSaver Scheme has several screens in place which effectively eliminate or greatly reduce our member's investment in companies that are exposed to harmful activities. **The sectors that we exclude or screen for are:**

## 1. Military Weapons

- > All companies classified as involved in manufacturing of Nuclear Weapons, or Nuclear Weapons Components
- > All companies classified as involved in manufacturing of Chemical and Biological Weapons or Chemical and Biological Weapons Components
- > All companies classified as a Manufacturer of Cluster Bombs
- > All companies classified as a Manufacturer of Landmines
- > All companies classified as a Manufacturer of Depleted Uranium Weapons
- > All companies that earn 10% or more in revenue, from manufacturing of Weapons, Weapons Components, and/or Weapons Support Systems and Services

## 2. Nuclear

- > All companies classified as a nuclear Utility
- > All companies classified as involved in uranium mining
- > All companies classified as involved in designing nuclear reactors
- > All companies classified as involved in enrichment of fuel for nuclear reactors
- > All companies classified as a Supplier to the nuclear power industry that earn 10% or more in revenue from nuclear-power related products

## 3. Tobacco

- > All companies classified as a Producer
- > All companies classified as Distributor, Retailer and Supplier that earn 10% or more in revenue from tobacco-related products

## 4. Civilian Firearms

- > All companies classified as a Producer of civilian firearms-related products
- > All companies classified as a Retailer that earn 5% or more in revenue, of civilian firearms-related products

## 5. Alcohol

- > All companies classified as a Producer who earn 10% or more in revenue from alcohol-related products
- > All companies classified as a Retailer or Distributor that earn 25% or more in revenue from alcohol-related products

## 6. Gambling and Casinos

- > All companies classified as a Producer or Retailer that earn 10% or more in revenue from gambling-related products

## 7. Adult Entertainment

- > All companies classified as a Producer or Distributer of Adult Entertainment materials or owners of Adult Entertainment establishments

**The Scheme also emphasises investment in companies and funds with:**

**Lower Carbon Intensity** – defined as the level of emissions a company produces compared with its declared revenue, calculated as metric tonnes of CO<sub>2</sub> emissions per US\$1 million of revenue.

**Lower Fossil Fuel Involvement** – defined as the percentage of the fund's assets that are involved in fossil fuels, minimising and excluding investment in companies with higher scores.

In a nutshell, this means companies with high absolute scores (those that produce lots of carbon or that are heavily involved in fossil fuels) are screened out in principle. Additionally, when comparing otherwise similar investments (like power producers for instance) we favour the options with lower carbon intensity or fossil fuel involvement.

In the case of the Lifestages Income Fund, this means an overweight to instruments such as green bonds and social bonds, while companies that fail to comply with United Nations Global Compact (UNGC) and our seven screens are excluded.

To determine if an investment has a high absolute score in terms of carbon intensity or fossil fuel involvement, we compare it to its asset class benchmark. You can find out more about the Fund's benchmark in the SIPO for the Scheme at [www.lifestages.co.nz](http://www.lifestages.co.nz).



Your long term investment journey



\*These percentages reflect data sourced from reputable third party investment research providers, and are based on the Lifestages High Growth Fund holdings, as of the date of this document. While all care has been taken, neither Funds Administration New Zealand Limited nor any other person accepts responsibility for any errors. Aggregate Fossil Fuel Involvement and Carbon Intensity figures for the Lifestages High Growth Fund and the Fund's asset class benchmarks are calculated as an asset-weighted average of underlying holdings. You can find more information about the Benchmark Portfolio and our approach to responsible investing in the SIPO for the Lifestages KiwiSaver Scheme at [www.lifestages.co.nz](http://www.lifestages.co.nz).

Funds Administration New Zealand Limited (FANZ), a wholly owned subsidiary of SBS Bank, is the issuer and manager of the Lifestages KiwiSaver Scheme and Lifestages Investment Funds (collectively the Funds). Investments in the Funds do not represent deposits or other liabilities of FANZ or SBS Bank, and are subject to investment risk. The investment risk includes possible delays in repayment and loss of income or contributions invested. The principal and returns of the Funds are not guaranteed or secured in any way by FANZ, SBS Bank or any other person. For more information see the Lifestages KiwiSaver Scheme Product Disclosure Statement or the Lifestages Investment Funds Product Disclosure Statement available from [www.lifestages.co.nz](http://www.lifestages.co.nz) and the register of offers of financial products at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). Before investing, we recommend you obtain personalised financial advice.

This information is of a general nature only and has not been prepared with regard to the individual needs of any investor. Details are current as at the date of preparation and are subject to change.

A copy of the FANZ FAP Disclosure statement is available on request.