



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.pathfinder.kiwi

Pathfinder

Sustainability Report 2022

About this report.

Welcome to the Pathfinder Sustainability Report for 2022.

At Pathfinder, our mission is to generate individual wealth and collective well-being. This means we measure more than just the financial performance of our funds; we want to measure the wider benefits our investing can have on people, the planet and animals.

Our aim is to balance the reasonable desire of our members to grow their wealth so they can enjoy a high quality of life (including throughout their retirement) with a collective responsibility to do that in a way which minimises harm and exaggerates positive outcomes more broadly.

Last year we launched our first ever Sustainability Report. It explained our ethical investing approach, gave insight into our social enterprise model and kickstarted a tradition of ongoing disclosure and accountability. This year we're taking things further with a deep dive into ESG (Environmental, Social and Governance metrics), sharing why and when we divest a stock, and highlighting some powerful initiatives our charity partners have undertaken with the support of our donations (thanks to our growing KiwiSaver membership).

In this report we aim to share how our investment strategy aligns with our ethical policy to bring about our vision of investing for better. Better communities, better animal welfare, better environmental conditions and better financial returns for our members.

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Why Pathfinder?



1. Why Pathfinder?

Who we are

Pathfinder is an investment manager with a big difference – we strive to generate both individual wealth and collective well-being. We believe in having both. Our world needs future focused thinking from investors that prioritises ‘values’ and generates financial ‘value’.

Based in New Zealand, Aotearoa, we launched our first ethical fund over a decade ago. We have since grown to manage around \$500 million for our clients, including our award-winning KiwiSaver funds.

We recently changed the constitution of Pathfinder, which is the publicly available foundational document of the company, to expressly recognise our commitment to helping create a better world. We added a purpose clause (recognising the purpose of our business is much more than just making money) and a stakeholder clause (recognising that not only shareholders, but also staff, suppliers and communities are stakeholders in Pathfinder).

We’re encouraging other businesses in New Zealand to make the same public commitment to a better way of doing capitalism.

Proudly B Corp Certified

Companies obtaining B Corp status have a desire to promote a sustainable economy, create a healthier environment and build stronger communities.

The B Corp movement is huge internationally and gaining recognition in New Zealand. Well known purpose-driven companies like Patagonia, Aesop and Ethique are B Corps.

“To become a B Corp, you need to be certified by B Lab, a non-profit organisation. B Lab certifies companies based on how they create value for non-shareholding stakeholders, such as their employees, the local community, and the environment. Once a firm crosses a certain performance threshold on these dimensions, it makes amendments to its corporate charter to incorporate the interests of all stakeholders into the fiduciary duties of directors and officers. These steps demonstrate that a firm is following a fundamentally different governance philosophy than a traditional shareholder-centered corporation.”

*Harvard Business Review -
Why Companies Are Becoming B Corporations.*





We were the first fund manager in New Zealand to achieve B Corp certification and only the second in NZ financial services, after Sharesies – a company which our KiwiSaver invests in. Obtaining B Corp certification is not easy. It requires a high level of transparency as well as social and environmental performance. It is not simply about what we will and will not invest in as a fund manager. It is about our purpose, and it touches every part of our business.

What does ethical investing mean?

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

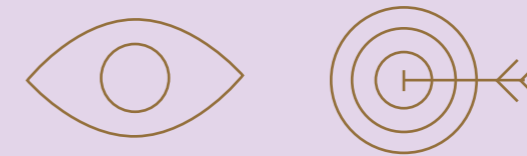
Our principles form the basis of our ethical framework. They underpin our vision and mission – our vision is a world we’re aiming for (as an outcome of our investing) and our mission is how we get there.

Pathfinder’s principles

(what we think is right)

- Think holistically: consider the broad impact of our decisions, insist on the rights of humanity and nature to co-exist in a healthy, supportive, diverse and regenerative way.*
- Lead bravely: challenge and rethink the present whilst also imagining a better future.
- Be change makers: favour momentum over inertia and optimism over despair.
- Be good ancestors: work to leave things better than we found them.

* Inspired by the Hannover Principle. The Hannover Principles is a set of statements about designing buildings and objects with forethought about their environmental impact, their effect on the sustainability of growth, and their overall impact on society.



The world we want: Vision and Mission

Our Vision *(what we aspire to)*

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

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

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 where the fine balance of all ecological systems is respected.

A world free of animal cruelty.

Our Mission *(how to achieve our vision)*

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

Timeline of Pathfinder

- 2009** Pathfinder was founded by John Berry & Paul Brownsey. The name 'Pathfinder' was chosen to reflect their intention to guide others and be a leader in financial services in New Zealand.
- 2010** Launch of Pathfinder's first sustainability focussed fund – the Global Water Fund – aiming to deliver above-average long-term returns whilst helping solve the global water crisis.

Pathfinder joins UNPRI (the United Nations Principles for Responsible Investment), a network of investors working together to implement its six aspirational principles.
- 2011** Pathfinder becomes a sponsor at the Responsible Investment Association of Australasia (RIAA) conference.
- 2012** 2 years after its launch, the Global Water Fund remains very niche with less than \$2m invested.
- 2013** The Global Water Fund delivers a return of 29% for the year which was a big step towards 'mainstreaming' this responsible investment fund (investors only driven by financial returns started investing alongside investors seeking responsible investment returns).
- 2014** Pathfinder advocates for the first time, publicly calling for fair fee structures in NZ retail funds.
- 2015** Received the first ethical investment mandate from a large private client indicating the beginning of a sea change toward ethical investing as a serious option for smart businesses.
- 2016** Start of Pathfinder's industry advocacy around financial adviser duties to clients. This subsequently led to John being appointed to a government working group to develop the regulatory framework for the provision of financial advice.
- 2017** Pathfinder renews status as a UNPRI signatory.
- 2018** Pathfinder hires a dedicated ESG specialist to the investment team.
- 2019** Pathfinder launches ethical KiwiSaver Plan. Pathfinder achieves B Corp status.
- 2020** Won the Research IP/Good Returns 'Responsible Manager of the Year' award.

Won the Sustainable Business Network 'Social Impactor of the Year' award.

Donated \$36,317 to charity on behalf of our members. Pledged to go Carbon Zero by 2030.
- 2021** Won the Mindful Money 'Best Ethical KiwiSaver Fund Provider' award & 'Best New Ethical Fund' award.

Rebranded KiwiSaver as Pathfinder KiwiSaver.

Donated \$101,950 to charity on behalf of our KiwiSaver members. Full carbon offset of KiwiSaver and Ethical Growth Funds.
- 2022** Won the Mindful Money 'Best Ethical KiwiSaver Fund Provider' award second year running.

Won the Mindful Money award for 'Best Ethical Retail Fund Provider'

3 year KiwiSaver returns to 30/9/2022 ranked No.1 based on Morningstar data and awarded a 5-star rating.

Donated \$279,391 to charity on behalf of KiwiSaver members

Our 2022 Report





2. Our 2022 Report

A letter from the CEO

Hope at a time of crisis

2021 and 2022 have been challenging for investors and people who care about the future of our planet and society. The pandemic has continued, war has broken out on the doorstep of Europe, energy supply is uncertain, and unusually extreme heatwaves, droughts and floods have slammed different parts of the globe.

But there's hope. Renewable energy technology continues to improve and its cost structure continues to decrease below fossil fuel alternatives. Awareness of the urgency and challenge from climate change is no longer marginalised, but is widely accepted.

We should all take steps, however small, to make a positive difference. For the team at Pathfinder, the biggest difference we can make is to offer investment options that embrace our ethical beliefs. We believe the way we invest has real-world outcomes, and we want those outcomes to be positive.

With around \$85 billion invested in KiwiSaver, whether you have under \$1,000 invested or more than \$100,000, we're all part of the \$85 billion. As a country we should be using that capital to drive change in the way our industry invests, and in the way companies behave. I am proud of what our team has achieved, and the investment options, including our award-winning ethical KiwiSaver Plan, we offer. I'm proud of the fact we are leading by proving you can invest with ethics and still generate great returns.

Yes, 2021 and 2022 have been challenging times for investing and for our world, and yes, climate events are getting more extreme, supply chains were clogged up and inequality wider. But through our team's work at Pathfinder, we maintain hope at a time of crisis. Thank you for believing in us and our work.

John Berry

Highlights from our 2022 Report



We donated **\$279,391** to charity.



Won Mindful Money's award for Best Ethical KiwiSaver Fund Provider second year in a row.



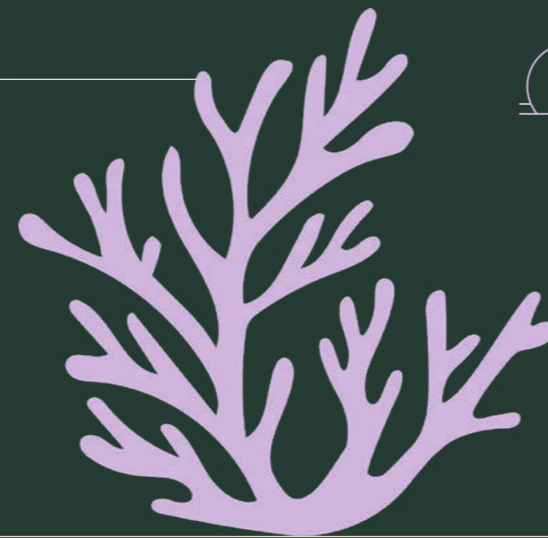
Invested **2.1X** more in low carbon vehicles than benchmark.



Invested **49%** more than the benchmark in companies who are committed to reducing their carbon (through science-based emissions reductions targets (SBTi))



And in the Morningstar New Zealand Categories (Multisector Conservative, Balanced and Growth) we are **number 1** for KiwiSaver fund annualised returns over the 3-year period to September 2022. *



*In Morningstar New Zealand Multisector Conservative Category Pathfinder KiwiSaver Conservative Funds returns were ranked 1st out of 20 funds for three years to 30 September 2022. In Morningstar New Zealand Multisector – Balanced Pathfinder KiwiSaver Balanced Fund's returns were ranked 1st out of 30 funds for three years to 30 September 2022. In Morningstar New Zealand Multisector – Growth Pathfinder KiwiSaver Growth Fund's returns were ranked 1st out of 29 fund's for three years to 30 September 2022
Source: Morningstar Direct, Performance Report generated 17/08/2022 © 2022 Morningstar,

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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	2020	2021	2022	Comment
Renewable energy procurement	100%	100%	100%	We have maintained 100% renewables procurement for 3 straight years.
Co2 emissions per full time equivalent employee (FTE)		46% reduction	11% reduction	We have achieved an 11% reduction over the prior year.
# of funds Pathfinder has offset emissions	n.a.	4 of 8	4 of 8	No change year on year. All 3 of our KiwiSaver funds continue to be included.
Scope 3 emissions (tons)	n.a.	323	1,180	Absolute scope 3 emissions increased due to the rapid growth in our funds, but our intensity was lower.
Emissions offset (tons)	n.a.	525	1,300	We offset 110% of our scope 3 emissions in 2022.
Donations to charities	\$15,686	\$101,950	\$279,391	Our donations increased by 175% over the prior year!
Awards and recognition of our ethical investing	Sustainable Business Network	Mindful Money; Good Returns/ ResearchIP; B Corp; RIAA	Mindful Money; Good Returns/ ResearchIP; B Corp; RIAA	We continue to be recognised as a leader in responsible and ethical investing.

This table shows some key metrics from this Sustainability Report relating to Pathfinder’s fund portfolios and how we invest. We use the PACTA (Paris Agreement Capital Transition Assessment) tools to generate these numbers. PACTA is an open source tool provided by the Two Degrees Investing Initiative to allow investors to objectively measure progress toward the Paris Agreement targets or other net zero aligned initiative. Please note that this tool does not necessarily have full coverage on some of the companies we invest in.

Topic	2021	2022	Comment
Investment in low carbon power relative to Benchmark*	3.3x	2.2x	Benchmark narrowed the gap with a large increase in low carbon power investment (although Pathfinder remains significantly ahead).
Investment in low carbon vehicles relative to Benchmark*	7x	2.1x	Benchmark narrowed the gap with a large increase in low carbon vehicle investment (although Pathfinder remains significantly ahead).
% of funds invested in Green Bonds	n.a.	2%	We expect this will increase significantly in the future. Note that we expect to launch a Global Green Bond Fund soon.
% of companies we invest in that are committed to science based emissions reductions targets (SBTi)	28%	49%	75% increase over prior year.
% of companies we invest in that set targets consistent with warming of 2°C or less	18%	29%	61% increase over prior year.
Companies with gender diverse boards relative to Benchmark *	1.03x	1.04x	32.4% of the directors in the companies we invest in are women, which is 1.04x higher than Benchmark.
Companies with women in senior management positions relative to Benchmark*	0.91x	0.91x	Of the companies we invest in only 30% of senior managers are women. Disappointingly this is slightly lower than the benchmark which is currently 33%. Please see page [34] for more detail on how we’re responding to this.
% of the time we voted	99.1%	99.3%	While we’d like to be voting 100% of the time, there can be logistical, regulatory or other reasons why this is not achieved. We are proud of our current record of 99%.

*The benchmark we’ve chosen is a global equity exchange traded fund issued by iShares called the iShares MSCI ACWI EFT.



Leaders in ethical investing

3: Leaders in ethical investing

A letter from our CIO

We are very proud to be presenting our second Sustainability Report. Personally, I think we should call it by a different name, perhaps the “Pathfinder Accountability Report” as the purpose of this report is to take a hard look at what we have done over the last year. We will always view our performance from an ethical/responsible/sustainability perspective but also ask ourselves “have we delivered a good investment experience to our clients?”

Having a solid ethical policy is critical, but unless we can also deliver good returns to our investors, we’re not delivering on our promise of growing well-being and wealth.

Over the last year we have worked hard to further integrate our investment and ethical approaches. Unlike many other fund managers, we don’t have a separation between our investment team, our ESG analyst and our ethics committee. All are an integral part of our investment process, and our ethical policy is acknowledged at every step in our investment process. Having challenged the sceptics and gone against the grain of traditional investing, there has been a lot of interest in exactly how we invest. What makes Pathfinder’s investing ethical? How do we stand apart from other options in the market? This section of the report aims to answer these questions.

Paul Brownsey



Our path to investing ethically.

At Pathfinder we are an active manager, we intentionally choose active over passive management because we believe it protects the interests of our investors best. Active doesn't mean buying and selling every day, some passive managers would likely trade more often than we do as they have no choice – when money comes in, they have to invest it. We can be more discriminating about where and when we invest our clients' money.

Another word for active could be thoughtful. Our investment process involves questioning the important drivers of fund return.

We consider the following:

What don't we invest in (what's excluded based on our ethical policy)?

What do we need to own to get appropriate market exposure?

What long term themes can we invest in to drive excess returns?

How can we maximise the ethical impact of what we do invest in?

How can we be sure our investing is consistent with our ethical policy?

AVOID HARM

=

ESG integration, exclusions

BENEFIT STAKEHOLDERS

=

Active ownership, positive screening

CONTRIBUTE TO SOLUTIONS

=

Themed investing, impact investing

* Our stakeholders include: our investors, our staff, our owners, the staff and customers of the companies we invest in, our suppliers and the suppliers of the companies we invest in, the communities we operate in, the planet we live on and the animals that live here with us.

Our 5-step investment process

Here is a summary of key steps we use to build a global share portfolio for our KiwiSaver funds.

- STEP 01** Total universe available to us of investible companies (from Morningstar Developed Markets Index) – gives us 3,000 companies.
- STEP 02** Remove the smallest companies that individually have a minimal contribution to the index weights – gives us 1,700 companies.
- STEP 03** Remove ethically excluded companies – gives us 1,200 companies
- STEP 04** Using ESG, carbon and financial metrics, build our core international equity KiwiSaver portfolio – gives us 125 companies
- STEP 05** Using our positive investment themes, add in our long term, impact companies – (0 to 24 companies). Result: portfolio target is between 125 and 135 companies.

Unpacking the jargon: a look at ESG.

Ethical investing, Responsible Investing, Sustainability, ESG: what do these terms mean?

If you look at some fund managers, the answer appears to be “anything you want it to be”. In 2021 the Financial Markets Authority released a report forcing fund managers to reduce jargon and avoid greenwashing. Clear disclosure, simple explanations, and a clear focus to be truthful are the intended consequences of this. At Pathfinder we like to keep it simple – we focus on just two concepts – Ethical Investing and Environmental, Social and Governance (or ESG) factors. But how do we define these, and more importantly, use them in our investment process?

ESG just refers to data. Data is neither good nor bad. It just is. Our ESG information is a set of data that measures what efforts companies are making to adhere to certain practices in the way they interact with the environment or society, and what policies they have in place to govern the company.

We believe that companies with high ESG standards are often (but not always) less risky than companies with low ESG standards. This stands to reason – companies that have strong policies around environmental behaviour will likely have fewer issues from regulators or customers to deal with, less chance of brand damage, no need to pay for clean up costs or for public relations damage control. The social behaviour is similar and as important. The “S” in ESG covers standards around how the company treats customers, suppliers and staff. Clearly good behaviour will help brand value, staff motivation, avoidance of controversies in the supply chain etc. Governance is even easier – good governance with diversity of thought will likely mean companies make better decisions on how to deploy capital and how to grow.

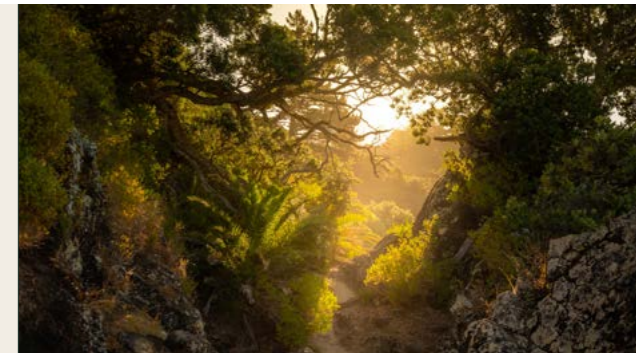
However, the ESG data alone doesn’t allow us to form an ethical or moral judgement on a company. It does help us understand how well a company is managed and whether or not they have processes in place to manage risk effectively, but it doesn’t review the product, service or offering of a company, which is where a lot of the ethical considerations come into play.

Case study: is ESG a guide for good ethics?

From a risk management and expected return perspective, we rank companies on many metrics – one is the overall ESG score. Here is the summary score for a high ESG company – one of the highest in the world. This company in fact has the sixth highest ESG ranking on one of the ESG datasets that we use:

- ESG score **A**
- Environmental pillar score **A+**
- Social pillar score **A**
- Governance pillar score **A+**

On an ESG score only basis, this seems like an easy company to invest in. Yet this score belongs to a company, British American Tobacco, we find reprehensible from an ethical perspective and would not invest in as it conflicts with our ethical policy (learn more about this process in section 5 – Investing for Better).



Environment



Social



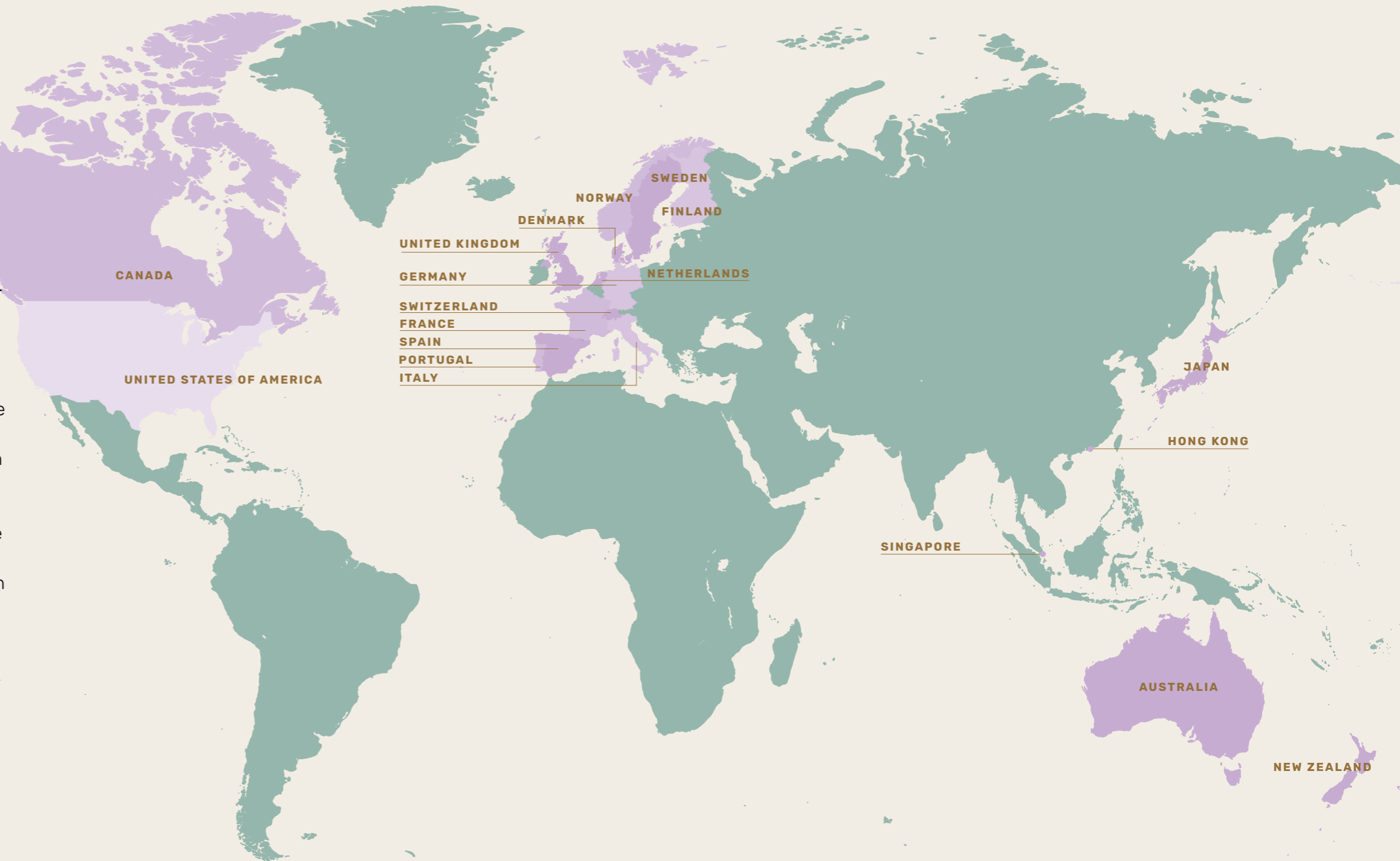
Governance

Reporting tools – what do we monitor and how?

Our excellent investment team see page [48] continually monitor our funds and the companies we invest in. Of the nearly 3,000 companies in the broad global markets index, we typically invest in 125 to 135 of these.

We use a range of external data tools to help us review and select companies including datasets provided by Refinitiv, ISS, Morningstar and Bloomberg. As well as critical financial metrics for companies, they also provide us with ESG (environmental, social and governance factors) data, greenhouse gas (GHG) emissions data, controversy related data and shareholder voting opportunities. We acknowledge the important role that these global data providers play in helping us generate robust fund portfolios that match both our investing and ethical requirements. Managing and using this data effectively is a complex task. We continuously monitor how our companies are performing relative to these various metrics. Ongoing measurement is necessary as the underlying data can be updated at any time.

Where in the world we're invested



Climate Change & Pathfinder





4. Climate Change & Pathfinder

We should all care about Climate Change

We see climate change as possibly the greatest challenge our society and ecosystems face over the decades ahead. We support the transition to a lower carbon world and want to contribute to the speed and scale of the transition through the way we invest.

It is not just a question of our own net-zero target, or of companies we avoid (like coal and oil companies) or companies we do invest in (like renewable energy). It is also through how we vote as a shareholder, how we engage with companies and how we advocate in the industry and in the media for positive change. The following section details how we orient our investing to support a liveable future for all.

Why the focus on carbon?

The world is focused on “carbon” as the cause of climate change. In actual fact using the expression “carbon” is a bit misleading – in this context, “carbon” is actually shorthand for the expression “greenhouse gases” or GHG’s. Carbon in its pure form can be seen as graphite and diamonds, those however are not the problem. Carbon, when combined with oxygen creates the gas carbon dioxide, the most common GHG.

Carbon dioxide is an important GHG because it is produced in great abundance by society, primarily from the burning of fossil fuels (oil, coal, and gas) which creates numerous pollutants including carbon dioxide. In simple terms, GHG’s cause atmospheric warming by absorbing heat radiated from the Earth. If those GHG’s were not in the atmosphere, then that heat would radiate into space. Instead that heat radiated back to Earth. Over the last few hundred years of industrial society, the burning of fossil fuels has added significant amounts of carbon dioxide to the atmosphere causing a measurable change in average global temperature.

Carbon dioxide is naturally present in our atmosphere and essential for life. It is required for photosynthesis where plants use carbon dioxide as food and release oxygen into the atmosphere. But too much of a GHG creates a dangerous global warming effect.

Carbon dioxide is not the only GHG of concern. Methane, the simplest hydrocarbon molecule, is also a grave concern. Methane is the primary component of natural gas and used as an energy source for industry and in homes. When burned it also creates carbon dioxide. But methane is also produced as a by-product of agriculture. From a climate change perspective, methane is especially dangerous. It has a warming effect approximately 25 times greater than carbon dioxide. Yet in many countries (including New Zealand) the production of methane from the agricultural industry is essentially unmeasured and unregulated. To limit warming our world we need to restrict new GHG emissions, and we need to remove (or ‘sequester’) existing GHG from the atmosphere. Improved industrial processes can help reduce new emissions. Meanwhile trees are a natural solution for effectively ‘sucking in and storing’ carbon (which will later be released if those trees are burned or decompose). If we are to have any hope of limiting the effects of climate change, we need to limit the release of GHG’s. We believe that how we invest can, in part, help drive this.



Carbon reduction: How to get there

1



Scope One Emissions:

Emissions directly produced from a source, that is owned or controlled by an organisation.

2



Scope Two Emissions:

Emissions indirectly produced by an organisation when they purchase energy from external providers.

3



Scope Three Emissions:

These emissions are the hardest to monitor; they are generated by activities in the wider economy of a business, for instance, in a supply chain. They are beyond the operational control of the entity trying to monitor them.

What can be monitored can be managed. Part of how we help support a reduction in greenhouse gasses is by tracking the carbon intensity of our portfolio. This allows us to compare our performance against global benchmarks, identify priority areas, and track progress against global climate goals. Alongside tracking we need targets. Below are 3 targets we're aiming at to help bring us closer to our goals of transitioning to a lower carbon world:

Increase the number of companies in our portfolio committed to science-based target initiatives by 7% per annum to reach 100% coverage by 2030.

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

Engage with 20 companies responsible for the highest proportion of Scope 1 and Scope 2 emissions with the aim of getting them to commit to a plan for reducing these.



Roadmap to decarbonisation: we support the Paris Agreement

A Paris-aligned investment strategy is consistent with achieving the goals of the Paris Agreement, namely the long-term temperature goal of limiting the rise in mean global temperature to well below 2°C and preferably below 1.5°C to mitigate the worst impacts of climate change. This means rapidly decarbonising and reaching global net-zero by 2050 at the latest.

Investment Strategy:

We have two primary objectives in the way we manage our portfolios from a GHG (Greenhouse Gas) reduction perspective:

- Decarbonise by reducing investment in high emission companies.
- Increase investment in companies with a climate solution focus.

We consider how well sectors are positioned to withstand or respond to the physical impacts of a changing climate, the impact on prices of resources, changing regulatory and reputational requirements, and low-carbon opportunities.

The Taskforce on Climate-related Financial Disclosures (TCFD) framework establishes clear and consistent reporting criteria for climate-related risk. Pathfinder reports annually against this framework.

Company Operations:

To transition to a low-carbon economy, we need to transition all aspects of our business. We want to work with suppliers and service providers that align with wider global goals, and Pathfinder’s ethical beliefs. This means working with companies that prioritise decarbonisation, sustainable development, and that conduct themselves with honesty and transparency in accordance with our expectations for ethical behaviour. Pathfinder’s footprint associated with business operations is detailed (see page [27]) in the Business Footprint section.

Carbon Management:

Companies should be responsible for their emissions, but very few companies have achieved net zero emissions. As shareholders in our KiwiSaver funds, we consider it our responsibility to encourage the companies we invest in to set aggressive net zero goals, but if they do not, we will offset on their behalf.

We calculate our ownership share of the net emissions from a company from an equity only perspective – this is a more aggressive approach than attempting to allocate carbon emissions to debt as well as equity. It’s a more aggressive approach because all of the company’s emissions are attributed to investors in equity rather than spreading emissions across investors in debt as well.

For example,

**if we own 1% of a company
then we “own” 1% of
its Scope 1 and
Scope 2 emissions**

Climate alignment

We monitor the impact of climate risks in relation to our fund portfolios. [The Paris Agreement Capital Transition Assessment \(PACTA\)](#) is an excellent open-source tool for applying various climate scenarios to investments that may be exposed to high climate transition risks.

We ran 75% of our securities through the PACTA analysis and the results were:

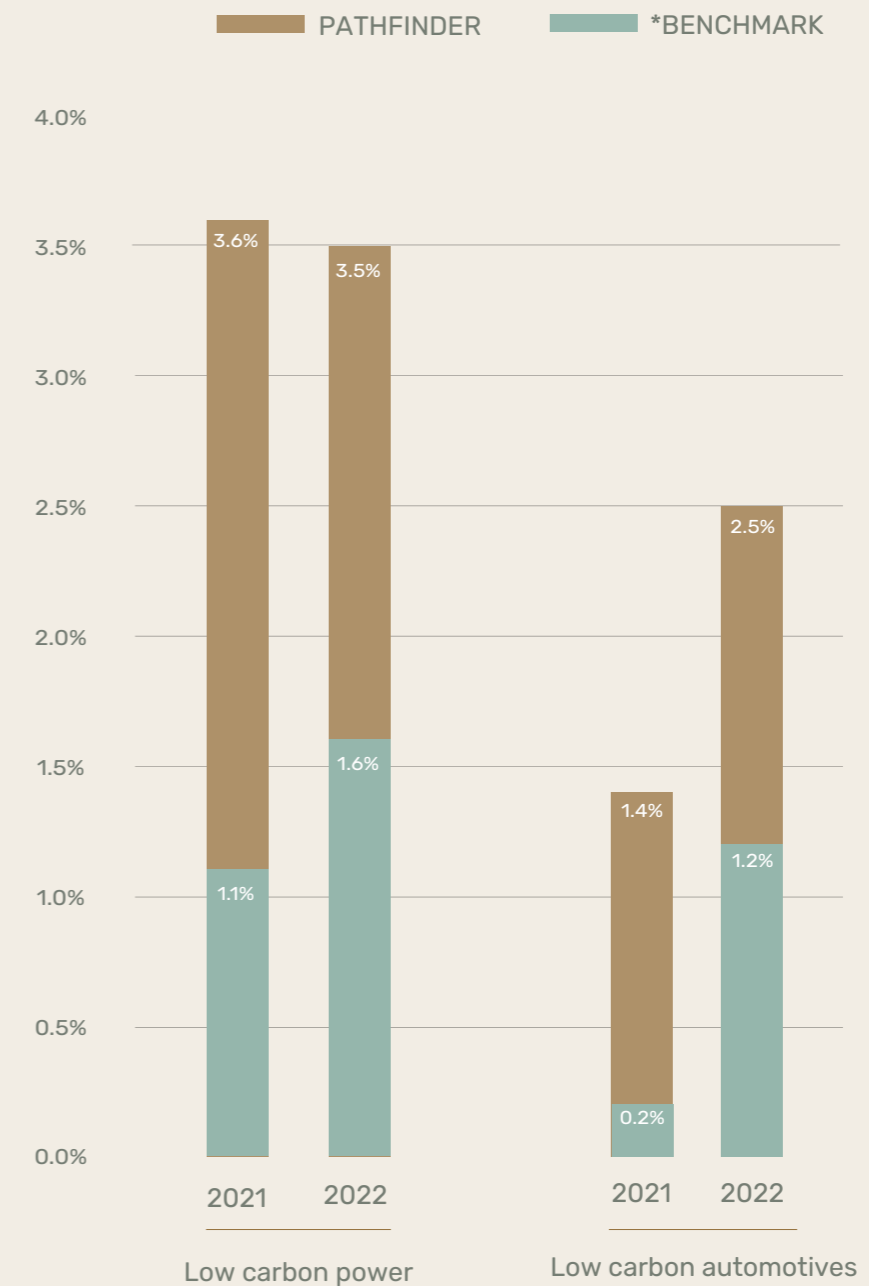
- 9% of the listed equity portfolio were companies exposed to heightened financial risk from climate change.
- For the listed equity portfolio, key sectors are 'Power' (6% of portfolio revenue but 9.8% of portfolio emissions) and 'Automotive' (3% of portfolio revenue but just 0.52% of emissions).
- 47% of the corporate bond portfolio was analysed as climate relevant – all within the power sector (which made up 93% of corporate bond portfolio emissions).

Below we show exposures across our KiwiSaver funds to some key low carbon power and automotive technology investments at 31 March 2022. In aggregate, our funds significantly out-performed on these low-carbon investment metrics:

		2021		2022	
Proportion invested in low-carbon power¹	Pathfinder	3.6%	3.3X benchmark	3.5%	2.2X benchmark
	Benchmark	1.1%		1.6%	
Proportion invested in low-carbon automotives	Pathfinder	1.4%	7X benchmark	2.5%	2.1X benchmark
	Benchmark	0.2%		1.2%	

Data on our exposure to low carbon power technologies and automotive technologies can be found in Appendix A.

¹ Our investment in low carbon power has slightly fallen between 2022 and 2021;



*Versus MSCI Developed markets Index



Carbon profile

Below are the Scope 1 and Scope 2 emissions of the investments made by the 4 managed funds for which we offset carbon. These emissions have increased in absolute terms because each of the funds has grown significantly in size over the year.

Our calculation shows 1,180.20 tons of carbon in aggregate across all 4 funds. We have then added a loading (effectively a 'margin of safety') of 10% to recognise this calculation is not a perfect science. We have then purchased and cancelled 1,298.20 tons of carbon to make these 4 funds carbon net-zero.

	Tons Scope 1 & 2 during 2022 Financial Year	Tons Scope 1 & 2 during 2021 Financial Year	Increase from 2021 to 2022
Ethical Growth Fund	183.9	84.7	117%
KiwiSaver Conservative	18.8	12.4	52%
KiwiSaver Balanced	241.2	116.4	107%
KiwiSaver Growth	736.2	446.8	65%
	1180.2	660.3	79%
10% loading	118.0		
Total	1298.2		

Below we show the carbon intensity of each of our 8 funds.

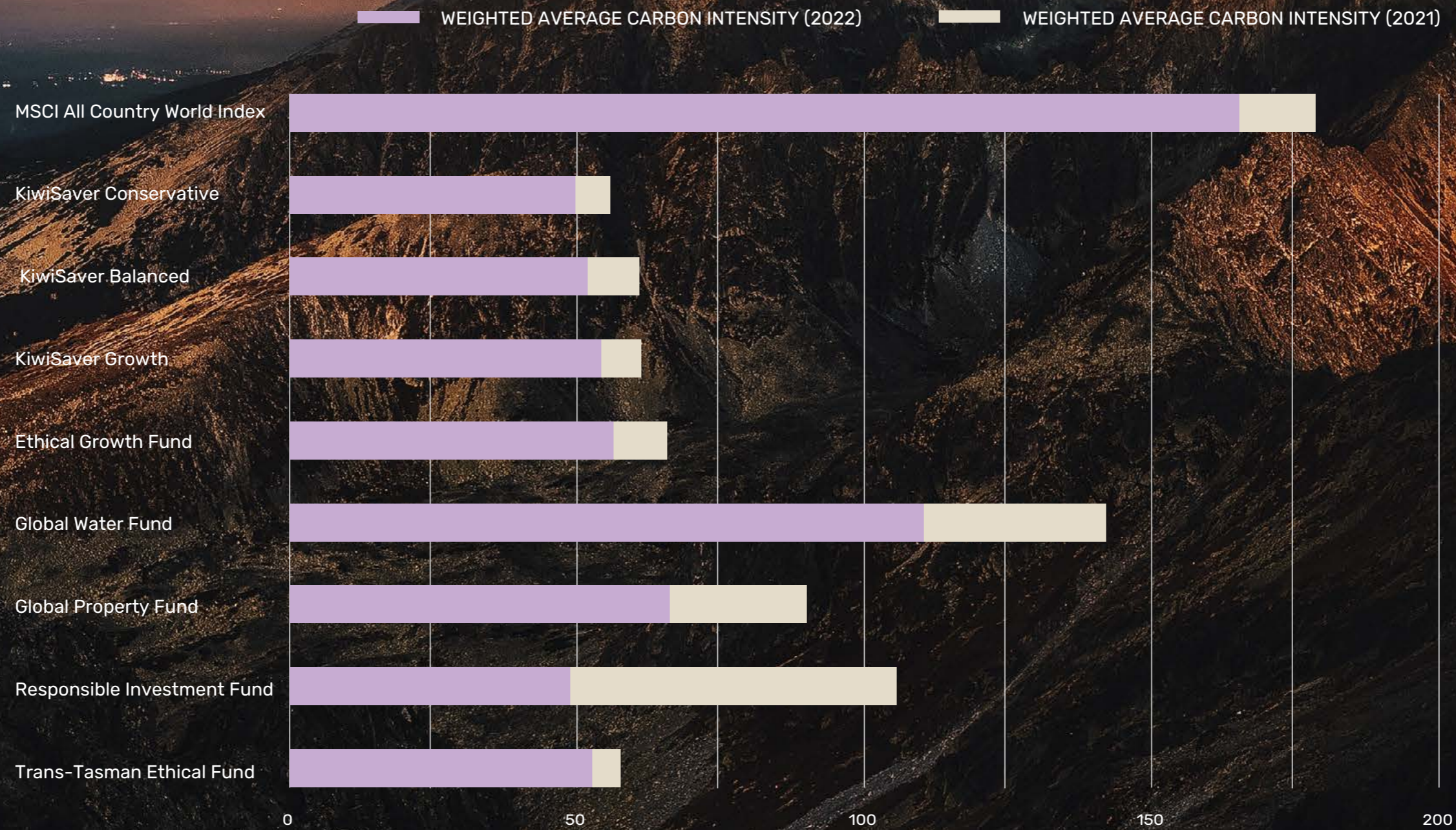
This is measured for each company in the portfolio as the tons of GHG emitted by each company per million dollars of revenue. This number for each company is then weighted based on the size of the fund's holding in that company. Portfolio carbon intensity is then calculated as a weighted average, where the weights are the percentage holding in our fund. Over time the carbon intensity tells us if the companies in our portfolios are becoming more efficient with their business operations in relation to emissions.

Sep-21	Weighted Average Carbon Intensity	Weighted Average Carbon Intensity vs Index	*Tons GHG emitted (Scope 1 and 2)
MSCI All Country World Index	178.5		
KiwiSaver Conservative	55.8	-68.90%	16
KiwiSaver Balanced	60.8	-65.90%	242
KiwiSaver Growth	61.2	-65.70%	766
Ethical Growth Fund	65.7	-63.20%	142
Global Water Fund	142.1	-20.40%	3205
Global Property Fund	90	-49.60%	164
Responsible Investment Fund	105.6	-40.90%	649
Trans-Tasman Ethical Fund	57.6	-67.70%	445

*This is our ownership share of the GHG emitted by the companies we invest in. So if a company emits 100 tons of GHG, and we own 5% of the company then our share is 5 tons. This is the number we use to calculate our GHG offsets.

Sep-22	Weighted Average Carbon Intensity	Reduction versus Index
MSCI All Country World Index	154	
KiwiSaver Conservative	49.7	-67.7%
KiwiSaver Balanced	51.8	-66.4%
KiwiSaver Growth	54.2	-64.8%
Ethical Growth Fund	56.3	-63.4%
Global Water Fund	110.3	-28.4%
Global Property Fund	66.1	-57.1%
Responsible Investment Fund	48.8	-68.3%
Trans-Tasman Ethical Fund	52.6	-65.8%

GHG Intensity Year on Year	Sep 2022 versus Sep 2021
MSCI All Country World Index	-13.7%
KiwiSaver Conservative	-10.9%
KiwiSaver Balanced	-14.8%
KiwiSaver Growth	-11.4%
Ethical Growth Fund	-14.3%
Global Water Fund	-22.4%
Global Property Fund	-26.6%
Responsible Investment Fund	-53.8%
Trans-Tasman Ethical Fund	-8.7%

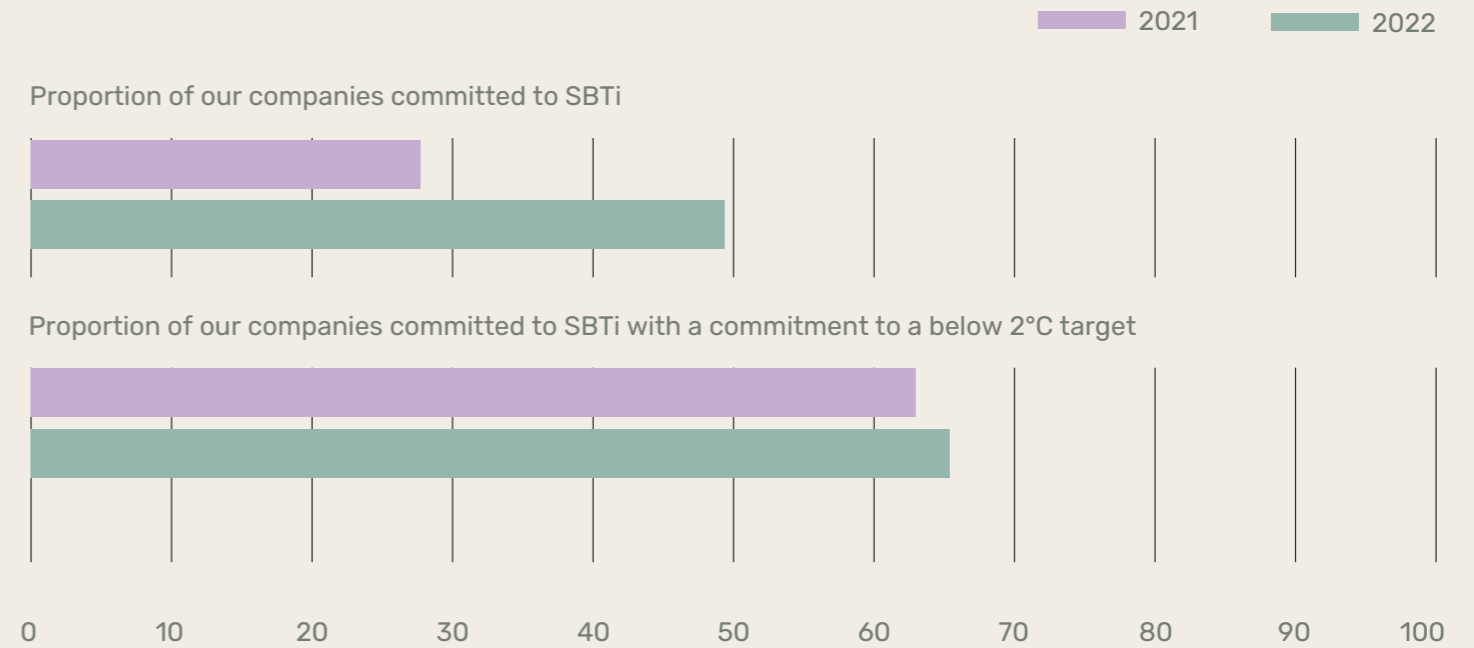


Science-based Targets Initiative (SBTi) 2021-2022

The SBTi is a partnership between the Carbon Disclosure Project (CDP), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) with a purpose of defining and promoting best practice in emissions reductions and net-zero targets, in line with climate science. If a company commits to the SBTi then it must within 24 months develop

and submit clearly defined organisational pathways or targets for reducing emissions. Examples of New Zealand listed companies that have committed to SBTi are Fisher & Paykel Healthcare, Fonterra, Genesis, Air New Zealand and Auckland Airport. The SBTi is an important list, but is not a comprehensive list because, for example, some companies may have set their own non-verified targets that are still scientifically valid.

The tables below summarise our investments in companies that have committed to the SBTi.



2021:

	2C target	1.5C target	Target well-below 2C	Committed without a target	No commitment	Total committed	Number of companies we own
Number of Companies	5	26	3	12	120	46	166
Proportion of our portfolio	3.0%	15.7%	1.8%	7.2%	72.3%	27.7%	

2022:

Number of Companies	3	44	9	25	79	81	160
Proportion of our portfolio	5.6%	1.9%	27.5%	15.6%	49.4%	50.6%	

Our investment in renewables

If our world is to effectively decarbonise then key corporate sectors need to lead, for example, transport, energy and agriculture. Renewable energy stands out to us as the intersection of what represents positive change for the future, and what can make good financial returns for our investors.

We are invested in solar and wind companies both offshore and here in New Zealand. In recent years the cost of energy from renewables has become competitive with fossil fuel energy without government subsidies. These energy sources will, and indeed must, continue to expand. The renewable energy industry is growing rapidly year on year whilst demand for fossil fuel energy grows at a much slower rate.

We're mindful that with every benefit there may also be costs. Renewable energy is not without costs and potential trade-offs – it can lock up land resource, it can have supply chain challenges, and even has 'end-of-life' disposal questions. Although it is also important to consider these issues on a relative (to traditional fossil fuel) basis. Here in New Zealand we have engaged with NZ Windfarms and questioned the end-of-life plan for their 2 ton WF500 blades. They have

an 'inspection and repair regime' to ensure their blades remain serviceable for their 20-50 year expected life. At a blade's end-of-life, NZ Windfarms expect 85% of their turbine (by weight) to be recyclable material.

A large Danish wind turbine manufacturer we have invested in (Vestas) has been committed to product improvement. Vestas believes it has found a way to grind down and repurpose blades, effectively using the materials to produce new turbine blades.

Carbon offsetting

We've purchased GHG offset credits for emissions produced through our ownership of companies in four of our eight funds, our three KiwiSaver funds and our Ethical Growth Fund. The credits used are certified by Verra, a global non-profit providing environmental measurement and certification services. These credits are classified as voluntary credits as opposed to official credits that can be used in the NZ Emissions Trading Scheme – a conscious choice on our part, as we prefer to seek out carbon credits that provide a meaningful social impact as well as a carbon mitigation impact.

The credits we buy are generated through the distribution of safer and more energy efficient cookstoves in India. These credits are certified as Verified Carbon Units by Verra, a global non-profit organisation that administers a certification system for carbon emissions to companies and governments around the world.

Traditionally, families cook using 'three-stone fires', metal or ceramic plates heated over an open fire, usually located in poorly ventilated, one-bedroom homes. Families, particularly women and girls, tend to cook for on average four hours per day exposing them to toxic air particulates and the risk of burns, especially to small children. To fuel these fires, families can spend 20 hours or more each week collecting wood, time that could otherwise be spent at school, work, or at rest.

Air pollution is a leading environmental risk factor for disability and premature death globally. Household air pollution from cooking and heating with solid fuels is responsible for about 40% of deaths and years of life lost to disability. Children under age 5 are especially high risk, with acute respiratory infection as the leading cause of death. Each stove installed saves an estimated 3 tons of CO2 per year. The stoves reduce wood consumption by 70%, gaining the equivalent of two days a week in time saved by not gathering wood, allowing more time to be spent in school, resting, taking care of families, and earning income.

Here's how these relate to the United Nations Sustainable Development Goals (SDG):

The installation of these efficient cookstoves contributes to the development of clean and affordable energy access (SDG7), while also supporting poverty action (SDG 1), gender equality (SDG 5), public health and well-being (SDG 3), climate action (SDG 13), and overall sustainable development.

Business Footprint

At Pathfinder, we have proudly committed to achieving net zero emissions by 2030. How does this look in practice? It goes to the core of both how we run our business and how we invest.

Pathfinder’s Purchased Electricity

Our Scope 2 emissions are offset by our supplier; since 2019 we have used Ecotricity, who provide us with 100% certified CarboNZero renewable energy. The emissions associated with the full life cycle of these sites are measured and offset using NZ Native Bush Carbon Credits.

The table below uses the shorthand “kgCO2e” which is the unit that carbon footprints are often measured in and it translates to kilograms of carbon dioxide equivalent.

	kgCO2e (using location based emission factor)
Total for 2021	1738
Average per month	144.8
Average per employee	84.8

	2019 (baseline)	2020*	2021	% change from baseline to 2021
Total kgCO2e	1531	1395	1738	+13.5%
kgCO2e per FTE	176	95.2	84.8	-51.8%

showing data per location based emission factor is available in Appendix B

*May 2020 electricity bill was much lower than usual due to March-April 2020 COVID-19 lockdown

While total emissions associated with electricity have increased (ignoring Ecotricity offsets) as the business has grown, growth in our staff numbers have reduced our emissions per full-time equivalent employee.

Business travel – 2021 financial year

6 domestic flights: 847kgCO2e (estimated from expense reports).
Cars: 189kgCO2e (Primarily Uber and taxis).

Note that general business activity was low in 2021 due to Covid lockdowns and a higher rate of working from home.

At Pathfinder we aim to avoid unnecessary travel as much as possible through online meetings and smart digital strategies. Most of our staff use low carbon means of transport to get to and from work, this includes bus, ferry, train, walking and electric scooters.

Investments

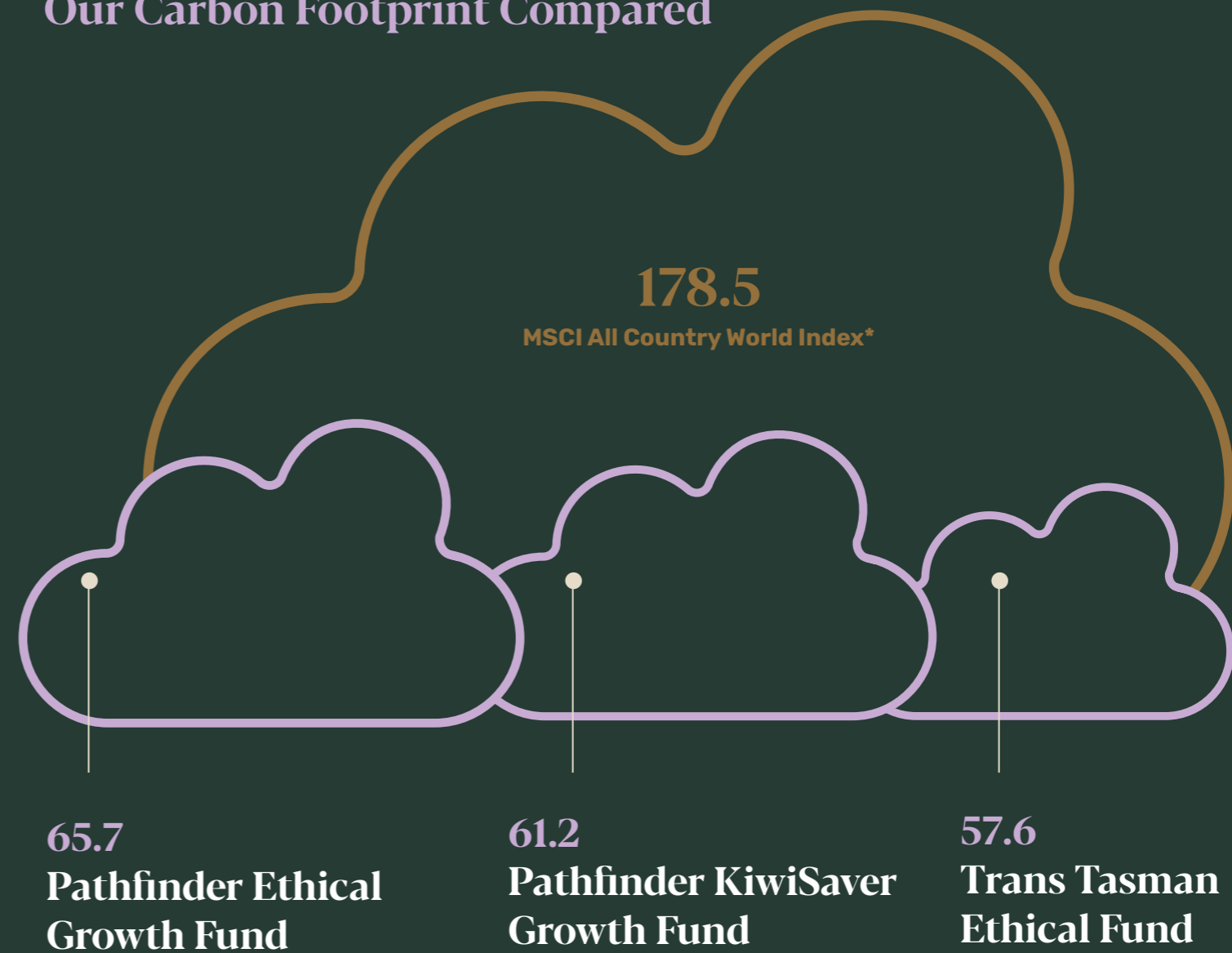
The majority of Pathfinder’s Scope 3 emissions are from our investments. Despite the difficulties in monitoring these emissions we do all that we can, which includes:

Avoiding investing in companies that are not well suited for the low-carbon transition and engaging with companies to encourage credible alignment with net zero by 2050 at the latest.

Excluding many companies associated with the fossil fuel industry and other high-intensity industries.

Committing to maintaining our total portfolio emissions to at least 65% below the average in the market based on the MSCI (a company that provides decision support tools and services for investment companies) ACWI (All Countries World Index). We use Greenhouse Gas Protocol Guidance to calculate these carbon emission equivalents, taking the total reported emissions from owned companies weighted by our percentage of ownership.

Our Carbon Footprint Compared



*based on data from the MSCI All Country World Index

As at 29 October 2021. See full data table on page [23].

Investing for better



5. Investing for better

What we don't invest in

'Negative screening' or 'exclusions' are an ethical investment strategy of intentionally avoiding specific industries or activities. We want to avoid investing in industries or activities that create significant harm.

Here are our exclusions which we group in relation to people, animals and planet (our three filters, which we view our investments through).

Details on how these apply, including revenue thresholds and allowable exemptions, are included in our Ethical Investing Policy.

GROW
WEALTH &
WELL-BEING



Respecting People

No:

Weapons: military, civilian & controversial
Military contracting services
Alcohol
Recreational Cannabis
Adult entertainment
Tobacco
Gambling

Respecting Animals

No:

Animal testing
Factory farming
Livestock export
Whaling
Animals for entertainment

Respecting the Planet

No:

Fossil fuel exploration, extraction
Sales of fossil fuels
Usage of thermal coal
Production of Palm oil
Commercial exploitation of GMOs (genetically modified organisms)



What we do invest in

We believe how we invest has an impact on the real world. This belief is fundamental to what we do and why we do it.

Exclusions can make a difference where a large number of investors act together, but using exclusions to drive change can take considerable time. For example, tobacco and coal companies have been forced to recognise they are 'sunset' industries but this has taken decades to achieve. In the case of tobacco, it can be argued that increased scrutiny of their activities in developed countries has encouraged tobacco companies to pivot to less regulated countries. With this pivot, it seems evident that the harm from tobacco products has increased rather than decreased.

An exclusions strategy alone will likely be slow to force change, and an 'avoidance' focus is negative by definition. For these reasons we also use a positive approach to investing. We prefer to ask the critical question: 'where do you actually invest?' instead of just 'what do you avoid investing in?'

At an aspirational level we invest for the world we want, not the world we have. This encourages us to invest in positive themes (like renewable energy), in well-managed and quality companies with 'good' practices and, where we can, in private companies that have

impact. Impact investing is harder than simply investing in listed companies, but it can also deliver more than just financial returns.

Having an impact

We go further than avoiding the negative by actively looking for positive investment opportunities. Here are some examples we're particularly proud of.

The Aotearoa Pledge - Community Finance Impact Bonds

Pathfinder is proud to be part of an innovative solution to address NZ's social housing crisis via The Aotearoa Pledge and the Community Finance impact bonds which our funds invest in (if they have a fixed income allocation). The Community Finance scheme has raised \$100 million to build new affordable housing this year and is working with organisations such as the Salvation Army and Community of Refuge Trust. Through our Funds we provide the opportunity for ordinary investors to invest into these social housing projects, while earning an appropriate return.

Lodestone Energy

Lodestone has plans to build five solar energy farms in New Zealand at a cost of \$300 million, which will together be capable of providing about 1 per cent of the country's electricity supply. All the farms are scheduled to be in operation by the end of 2023.

Wool + Aid

Conventional plasters/bandages are typically made from plastic-derived materials and plastics can take hundreds of years to decompose. Not so with Wool+Aid, made from biodegradable merino wool. Their bandage is environmentally friendly and designed to ‘return to the earth’ (by decomposing) which is unique compared to conventional bandages. Wool+Aid is now available in selected Torpedo 7 stores and is currently entering the US market.

Women’s Livelihood Bond

Arranged by the Impact Investment Exchange in Singapore, the bond raised USD 27.7 million to support 180,000 financially underserved women and entrepreneurs in the Asia Pacific region to respond and recover and build resilience in the aftermath of the COVID-19 epidemic. Funding is delivered via existing micro-finance organisations.

Sharesies

This online investing platform democratised investing by giving people with \$5 dollars the same investing opportunities as someone with \$5 million. A standout moment for us was when they launched their ‘Sharesies in Schools’ pilot, where over 70 students from Manurewa High School, Hastings Boys’ High School, and Tauranga Girls’ College were given a Sharesies account and a monetary contribution, so they could begin their investing journey and put into practice what they were learning in the classroom.

**High performing stocks –
3 case studies**

Each of these companies show great performance results whilst also being consistent with our ethical investing approach.

Enphase Energy

Theme: Renewable Energy

Enphase is an American technology company that transformed the solar industry by developing revolutionary microinverter technology that turns energy captured from sunlight into a safe, reliable, resilient, and scalable source of electricity.

Their system enables people to make, use, save, sell, and own their power. For the first time in the evolution of our centuries-old grid, people can get paid for the clean energy they produce and share with their communities, helping to build a new energy future that harnesses the sun. This clean, free, abundant source of energy can power lives and ultimately help replace fossil fuels altogether.

Each Pathfinder KiwiSaver Fund invests in Enphase Energy whose share price has increased by 119% per annum over the past three years (3-Year annualised return at 31 Aug 2022).



EDP Renováveis

Theme: Renewable Energy

EDP Renováveis, based in Madrid, is an energy company that designs, develops, manages and operates power plants that generate electricity using renewable energy sources. They're leading the way to decarbonisation, aiming to be 100% green by 2030.

Passionate about sustainability, they're committed to mitigating climate change, promoting a circular economy and protecting biodiversity. They have an environmental management policy for every stage of their energy generation life cycle, from construction and installation all the way to end of useful life. For example, when a wind turbine area is dismantled, EDP rehabilitate the sites to return the area to its initial state and they recycle the turbines in aid of a circular economy.

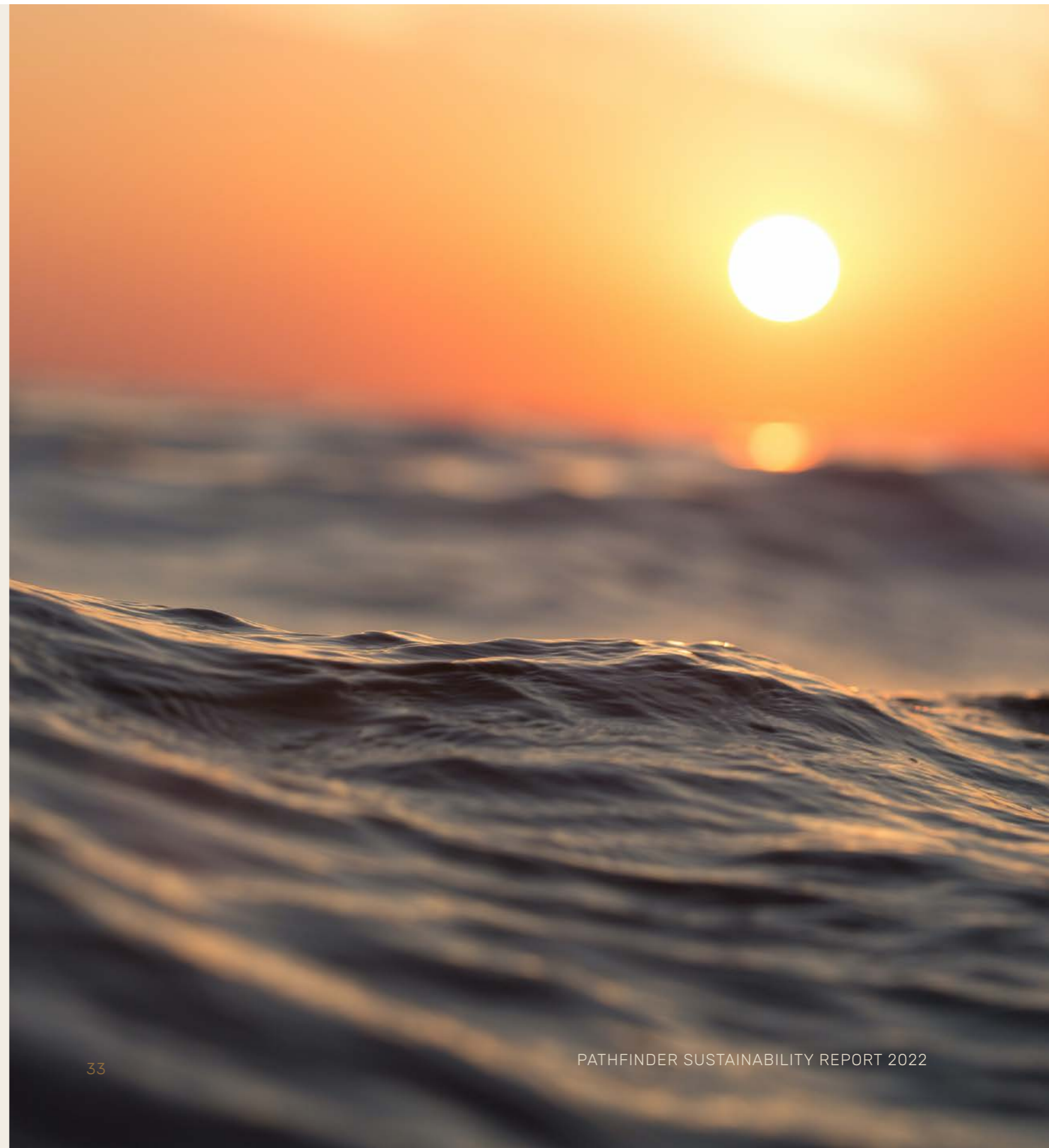
Their share price has increased by 40% per annum in the past three years (3-Year annualised return at 31 Aug 2022).

Organo Group

Theme: Water

Organo is a water technology company, connecting the life-sustaining resource of water with developments in societal infrastructure. In practice this means the pursuit of technologies in separation, purification, analysis, and engineering related to water treatment, and the combination of these technologies to provide optimal systems and services that meet the needs of society.

Organo has an ESG (environment, Social and governance) framework they use to realise their goal of helping contribute to a sustainable society. Their share price has increased by 35% per annum in the past three years (3-Year annualised at 31 Aug 2022).



Diversity & our investments

Achieving diversity within companies is not only good for decision making, it also supports fairness in society and ensures greater representation.

When we launched our KiwiSaver in 2019 our ethical investing policy required that the NZ listed companies we invest in have at least one woman on their board. Admittedly setting the bar at one is a low bar, but it did result in us having conversations with two listed NZ companies with all-male boards. Both subsequently improved their board diversity.

The graph on the right shows the following key data for the companies we invest in:

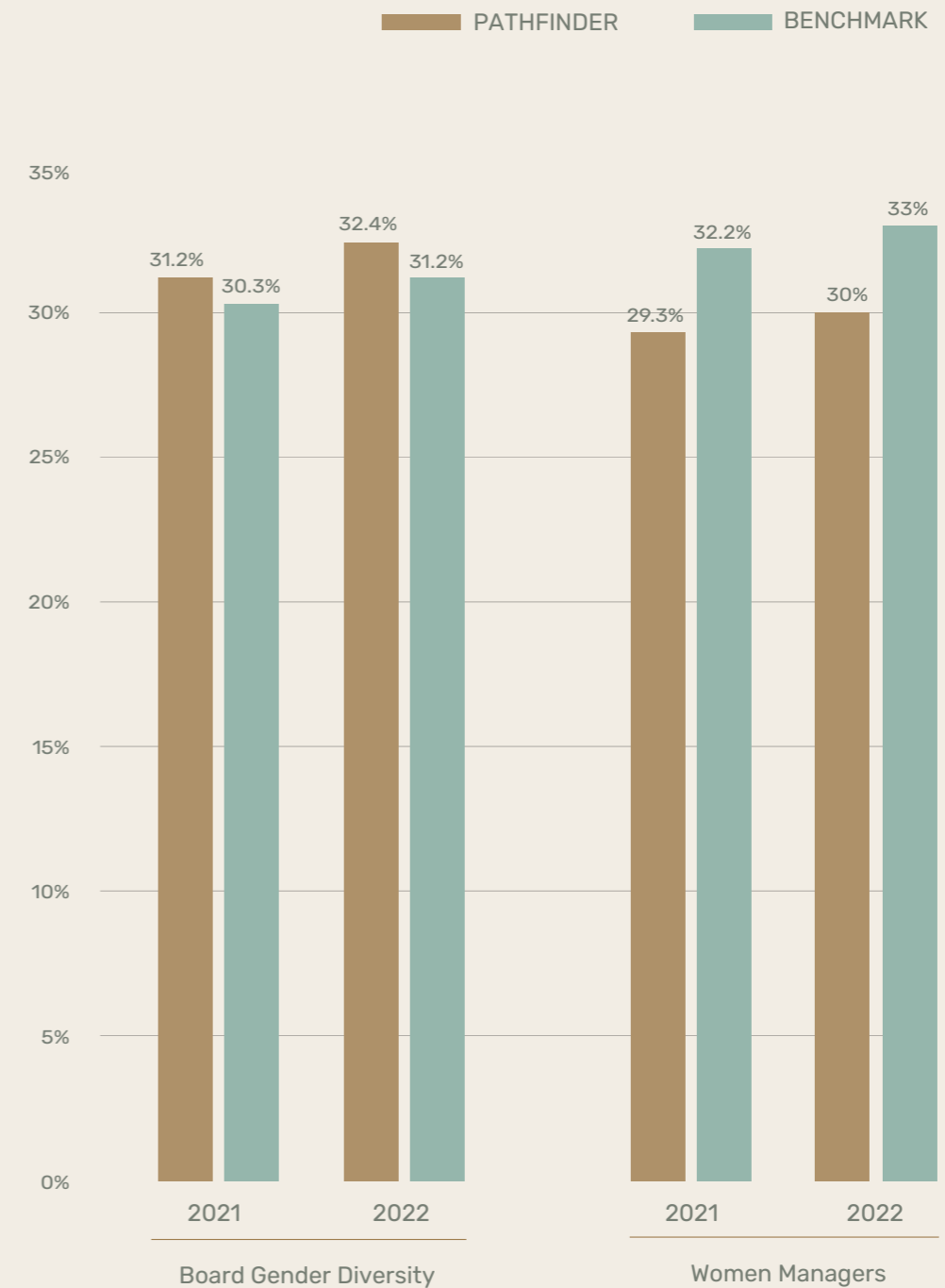
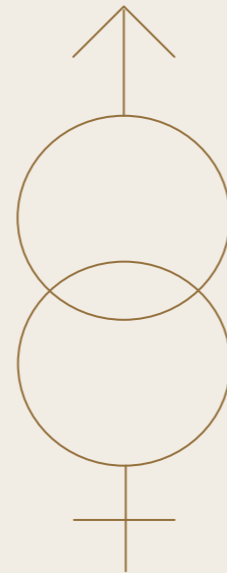
- The percentage of women directors (as a percentage of total directors).
- The percentage of women senior management (as a percentage of total senior management).

You can see from the table that we've increased our gender diversity year on year for both boards and senior management.

Focus - women managers

We are currently behind our Benchmark in relation to women managers as a percentage of total managers in the listed businesses we invest in. Data quality here is poor as not all companies report this metric. We will improve by monitoring existing investments and measuring this for new investments. Essentially, if a new investment scores below Benchmark* on this metric, it will impact how we rate that company from an ESG scoring perspective. This, along with other considerations, influences whether or not we will invest.

*based on data from the MSCI All Country Index.

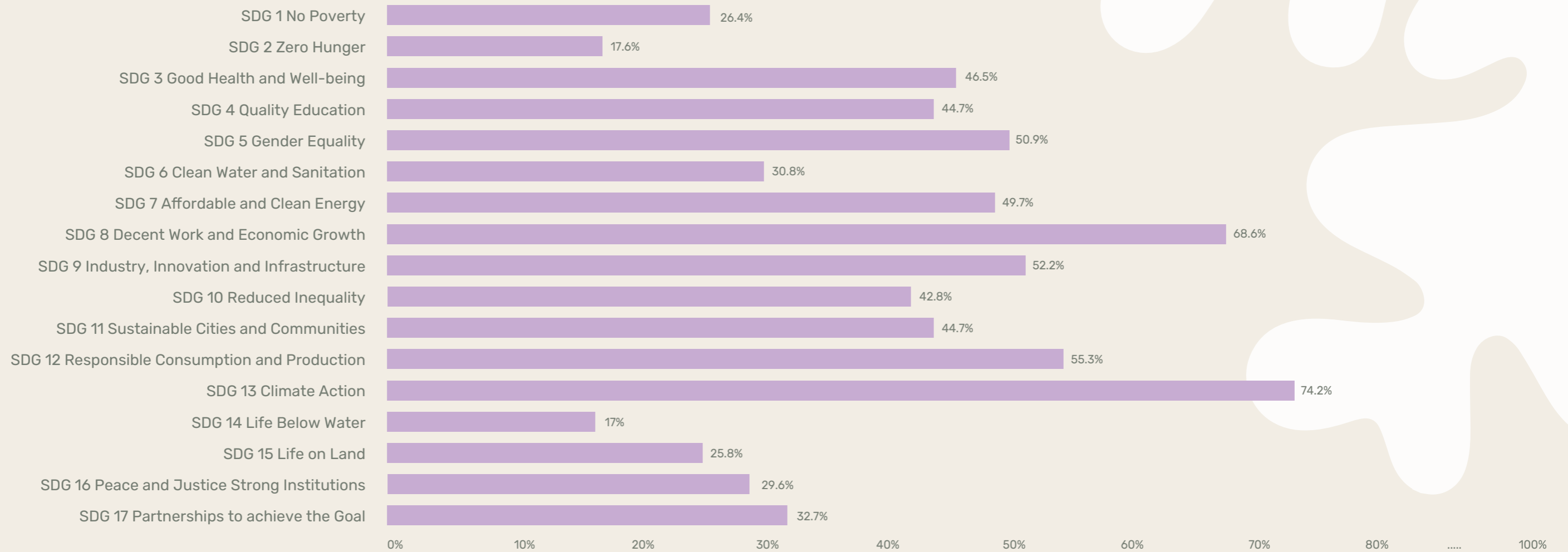


Using the Sustainable Development Goals for good

Pathfinder supports the United Nations Sustainable Development Goals (UNSDG's) which act as a blueprint to help achieve a better and more sustainable future for all.

We aspire for our investment decisions to contribute to the UNSDG's and are committed to aligning our investment practices with the sustainability objectives of these Goals.

Below is a table showing companies we invest in that link their business to specific UNSDG's – this means we can show the benefit of our investments in relation to each specific goal.



Engagement for better

Engagement means talking with a company to change or influence its practices or operations. Generally, our engagement will be focused on companies in New Zealand rather than offshore. It is likely we will be a shareholder in a company to engage with it, but that is not always the case.

This engagement is separate from our voting as a shareholder in companies, which we summarise on page [37].

Some of our key engagements since last year’s Sustainability Report have been:

Sector or industry	Area of focus	Manner of engagement	Outcome
Horticulture	Questioned corporate focus in relation to climate change, net zero target and business purpose.	Both face-to-face and written	Company accepts need to improve and is working on this. We will continue engaging.
Healthcare	Queries around animal testing of materials in supply chain.	Written, Zoom calls	Information provided by company. Referred to Ethics Committee for ongoing review.
Energy	Queries around product end-of-life and repurposing.	Written	Company responded with detail of plans around repurposing at end of life. Closed.
Energy	Queries around net zero target, business purpose and senior management KPIs.	Both face-to-face and written	Company accepts need to improve and is working on this. We will continue engaging.
Healthcare	Queries around animal testing (private company).	Both face-to-face and written	Company confirmed it has made changes around testing in its supply chain. Closed.
Banking and finance	Questioned corporate approach to charity sponsorship and whether this is closer to marketing than charity support.	Face-to-face	Senior management reviewed internally.
Energy	Questioned oil major about its commitment to decarbonisation and purpose of carbon capture research and development (US listed company).	Face-to-face	Expressed our view. No follow up expected. Closed.

The New Zealand companies we have engaged with included NZ Windfarms, Scales Corporation, Infratil, and Fisher & Paykel Healthcare.

Advocacy for better

Our advocacy work promoting ethical investing ranges across working with media, speaking at conferences and sponsorships of podcasts or events. Some of the advocacy work we undertook throughout 2022 included:

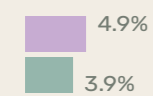
- We wrote 25 articles on ethical investing that were published in the media.
- We were guest speaker at 5 conferences and industry events.
- We published an extensive amount of thought leadership for the investment industry on social media (predominantly LinkedIn).
- We sponsored a ‘sustainability’ mini-series for The Curve, a popular female financial podcast. Four women from within the Pathfinder universe were interviewed on the podcast with episodes featuring investing & animal testing, investing & sustainable living, investing & ethics and investing & food.

Proxy voting

Shareholders have the right to vote on some occasions and this can include voting on some key issues affecting environmental, social and governance matters. Some resolutions can include, for example, climate change reporting, disclosure around diversity, and selecting the composition of a board.

We strive to vote as a shareholder at every opportunity. Because of the very high volume of votes (almost 3,500 in the year to 31 March 2022) we require specialist help with the voting process, and we use an out-sourced 'proxy voting' service. However, we do not simply outsource our vote and have no control over the direction of voting. We see the key metrics as how often we vote and how often we vote against management. These are summarised below:

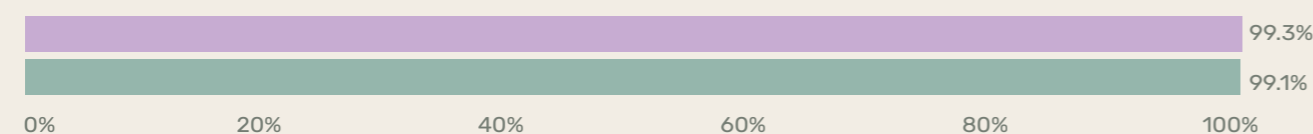
% of times we voted against management on proposals initiated by management (1)



% of times we voted against management on proposals initiated by shareholders (2)



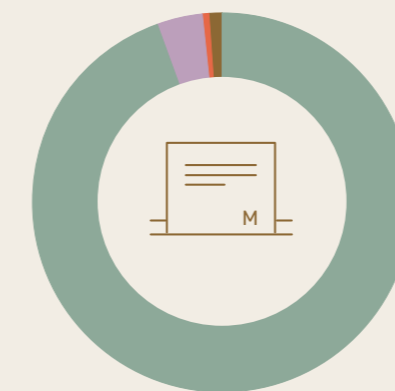
% of the time we voted (3)



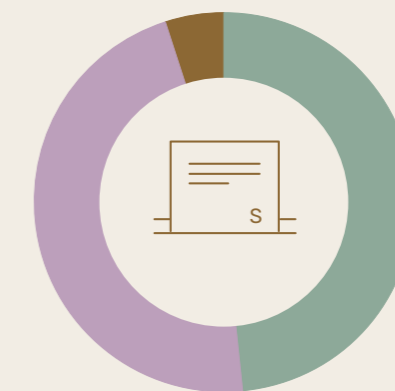
2021 2022

(1) We voted against management-initiated shareholder resolutions around one time in every 25 votes (similar to 2021)
 (2) We continue to vote against management on a high percentage of shareholder-initiated resolutions.
 (3) While we'd like to be voting 100% of the time, there can be logistical, regulatory or other reasons why this is not achieved. We are proud of our current record at 99%

Proposals initiated by management



Proposals initiated by shareholders



Unvoted / other
 Take No Action*
 Against Management
 With Management

Above is a more detailed look at a breakdown of our voting in 2022.

* Note that, where it says 'no action was taken' this was because there were 3000+ proposals over the year that were part of 200+ individual meetings. Of 254 meetings total, we did not vote at 2 meetings, due to market impediments, and we did not vote at another 2 meetings, due to pending review requirements.

Examples of when we voted against management

AENA – Spanish airport operator

Advisory vote on climate action plan (2021-2030)
 Company-led proposal seeking shareholder support of the company's Climate Action Plan. Overall, the company's climate-related policies and disclosures are behind its peers, in particular scenario planning and TCFD alignment. We believe shareholders benefit from enhanced climate-related disclosures.

TELIA – Swedish telecommunications company

Company sought shareholder approval of its remuneration guidelines.
 The company fails to link remuneration with performance. The Government of Sweden is a significant shareholder (39.8%) and has historically blocked remuneration guidelines that include performance-based pay. Linking remuneration with performance serves to better align shareholder and executive interests.

Divestment – what happens when a company isn’t as ethical as we thought?

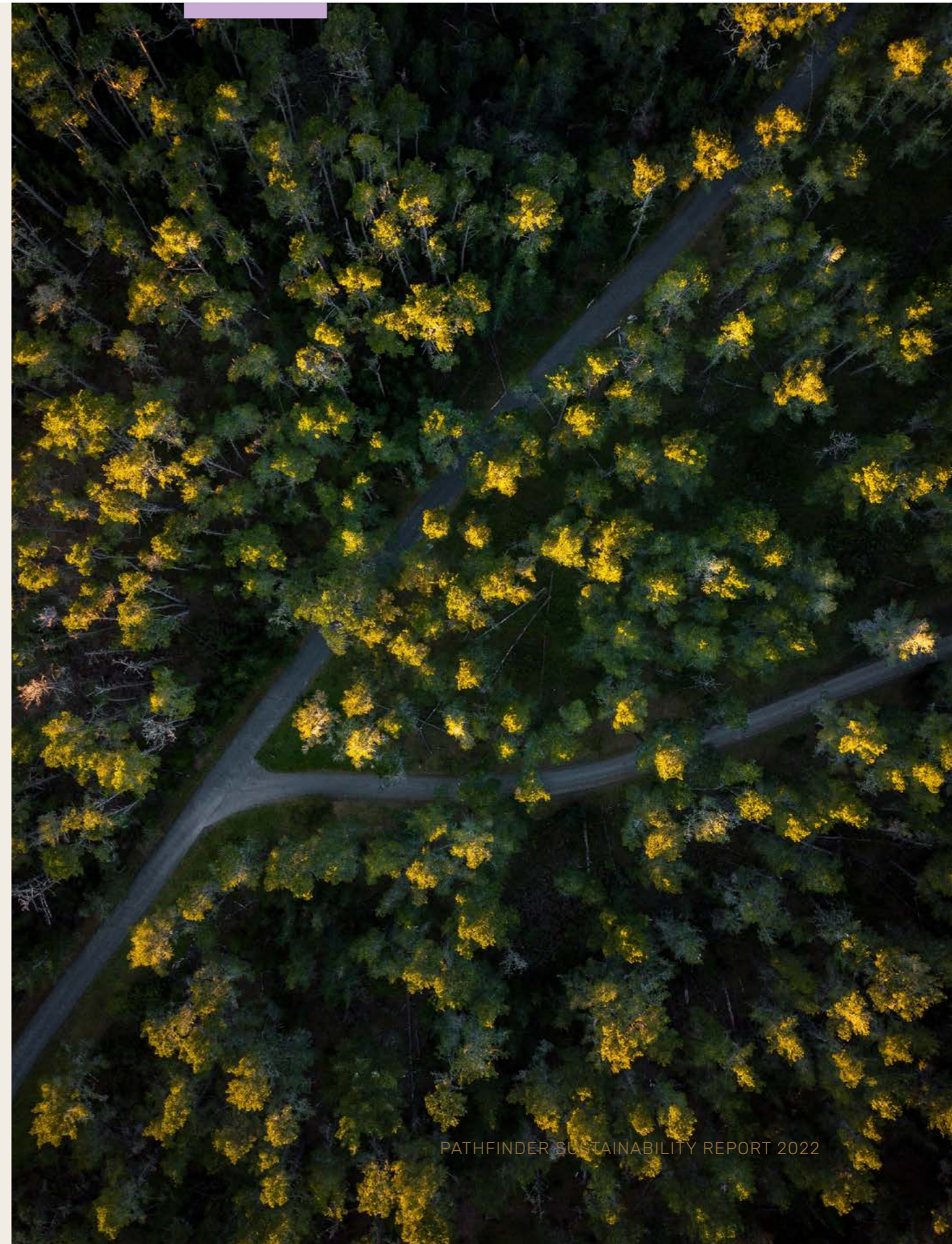
The nature of our investible universe is fast paced and applying ethics to the companies we invest in requires us to be curious, reflective and responsive. Part of the Pathfinder’s ethics committee role is to be aware of the ‘grey areas’ in our ethical investment policy, and often we will spend time examining companies on a case-by-case basis. Our policy papers are where we define, clarify and communicate about these grey areas.

For example, earlier this year we explored an existing investment we held with CAE, “a global company focused on delivering training for the civil aviation, defence, security, and healthcare markets. Multiple types of simulators and synthetic exercises may be sold to customers to serve as alternatives for live-training experiences. The company’s training solutions are provided through products and services.”

Pathfinder measures a company’s exposure to industry-specific material ESG risks and how well a company is managing those risks. CAE is rated by our key ESG data provider as a B-, which is a good rating, in fact, it’s better than most. It’s understandable, the company’s foundations in, and focus on, training, technology and healthcare focused products and services look very different to more conventional weapons manufacturers who fall easily into our exclusions.

However, when we applied our ethical investing policy to our investment with CAE, we found that it did not align with our mission, principles and purpose. We looked across the proportion of revenue generated by CAE through its contracts with the military (specifically product offerings designed for the military), along with CAE’s business model, which is fundamentally founded on military contracting. After discussion, the Ethics Committee determined that divestment from CAE was necessary. We included in our Weapons Policy Paper a discussion of these issues.

We now exclude companies that generate more than 50% of their revenue from military contracting services. (Note that we have a 0% revenue threshold tolerance for both Controversial Weapons and Civilian Weapons and a 5% threshold for Conventional weapons. To learn more about our thresholds, you can read our [Ethical Investing Policy](#).)





Charity partners: our social enterprise model

6. Charity partners: our social enterprise model

Charitable giving is in our DNA

Charitable giving, our social enterprise model, is at the heart of the Pathfinder KiwiSaver Plan. It's in our DNA. Giving away 20% of our management fees was a non-negotiable for both our founders when we launched.

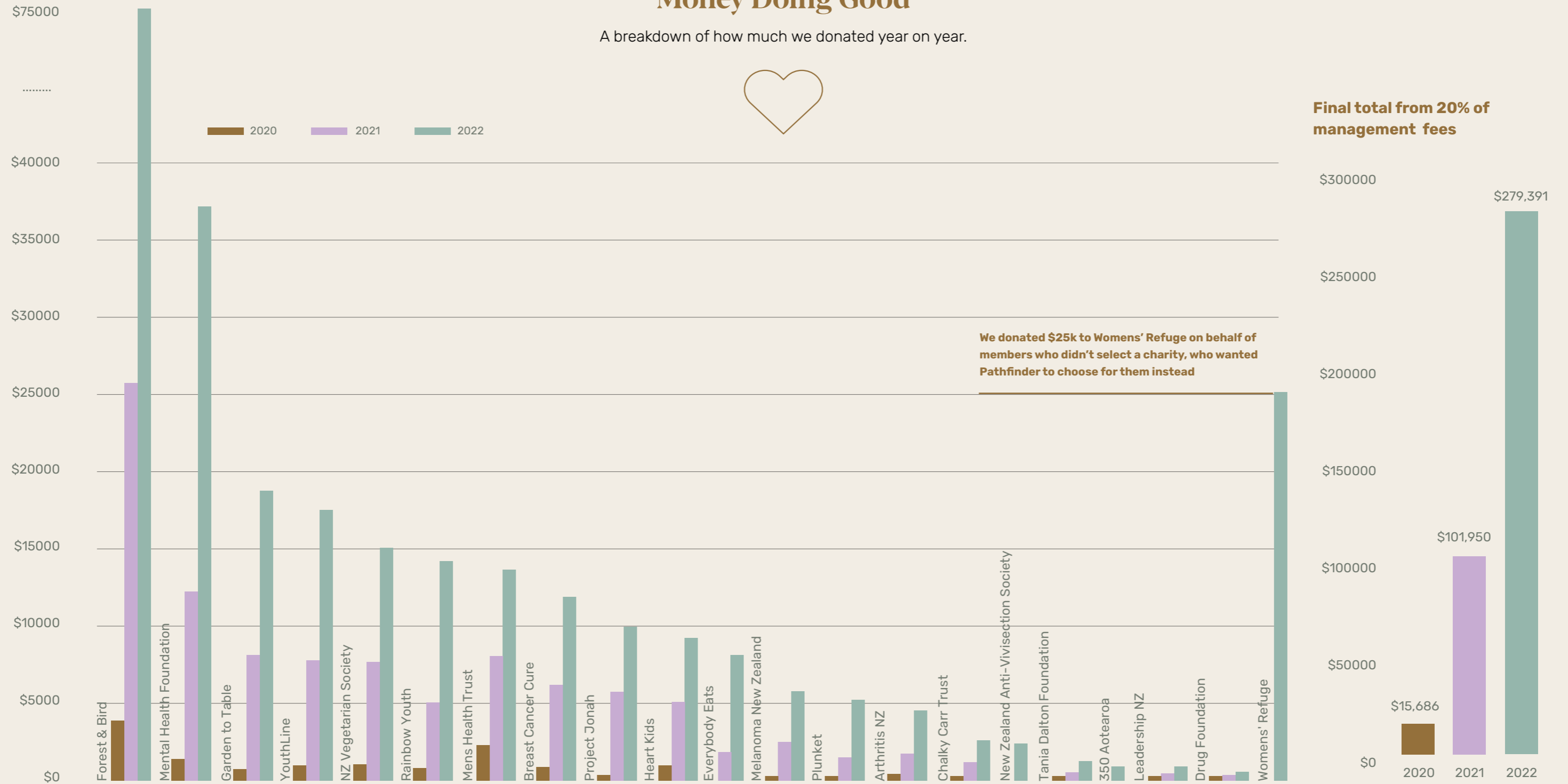
In 2020 we donated \$15,000 to NZ charities on behalf of our members. Over the following year, as more people switched to Pathfinder, that figure grew 6 times, enabling us to donate over \$100,000 to NZ charities in 2021.

This year we were able to donate \$280,000 to Kiwi charities. Every new member joining Pathfinder KiwiSaver means more support for Kiwi charities. Our mission with this work is to generate long-term, sustainable and passive income streams for our charity partners. A huge thank you to each and every Pathfinder KiwiSaver member, who is not only saving for a future they can be proud of, but also helping their selected charity keep doing their wonderful mahi.

The charities are grateful for you, they tell us all the time.

Money Doing Good

A breakdown of how much we donated year on year.



A word from some of our charity partners

Mental Health Foundation

We are so grateful to have your support. You are ensuring New Zealanders have access to the information and guidance they need to look after their own and their loved ones' wellbeing. In the last year, you have helped provide much-needed information and resources, and aided those navigating mental health services, supporting whānau or managing their own mental health. Your support has helped make all of this possible: Helped provide access to dozens of free resources available online for anyone to download as well as guides to upskill parents, families, communities and workplaces. Giving them the tools and techniques they need to support themselves and the people around them during uncertain times.

- Helped provide support to 400 people each month via our enquiries service. Enquiries are generally from people who are supporting someone who is struggling and need to know where to access help and support.
- Helped send 915,270 physical resources to schools, workplaces, communities and health care centers in the last year.
- Supported access to Covid-19 resources online, which have been downloaded 10,000+ times in the last 6 months.
- Supported access to Covid-19 content online, which has had more than 80,000 page views.
- 77% of New Zealanders* participated in [Pink Shirt Day](#), the nationwide campaign to eliminate bullying.
- 80% of New Zealanders* say [Pink Shirt Day](#) has made them more aware of bullying and its impact.

*Ipsos survey with a sample of n=1,000 representative of the New Zealand population by age, gender, region and ethnicity.





- [Pink Shirt Day](#) was in 80% of NZ schools (including ECE, kura, and tertiary)
- 36,700 individuals used the workplace wellbeing resources on the MHF website
- Over 82,000 individual resources were distributed for free as part of [Mental Health Awareness Week 2021](#)

Tania Dalton Foundation:

During 2020-21, we conducted the Resilience Youth Survey with over 6,000 young New Zealanders aged 8 to 14 before or soon after they started The Resilience Project. The findings were;

- 1 in 4 of these primary & intermediate school students reported symptoms of anxiety or depression.
- 1 in 3 of these students aged 8-14 reported some, little or no hope.

THE NUMBERS DON'T LIE..... IN FACT THEY MAKE APPALLING READING

And the really scary thing, 65% of our young people don't ask for help. Through presentations, student curriculum, teacher resources and digital content, The Resilience Project's Education Programs support mental health in the classroom, staffroom and family home. The programme is currently being delivered to 23 New Zealand schools, impacting approximately 8,000 students.

Melanoma

As the only charity solely dedicated to preventing avoidable deaths and suffering from melanoma, Melanoma New Zealand relies on the generosity of our partners and regular donors to fund our cause. Their contributions enable us to deliver initiatives and campaigns that educate and support Kiwis on the importance of prevention and early detection. They also provide us with the means to push for new frontiers in early detection, treatment, and support.



Melanoma New Zealand is particularly grateful to have strong relationships with caring organisations such as Pathfinder KiwiSaver that proudly ‘walk the talk’ of corporate social responsibility and help us promote our messages more widely into the community.

Forest & Bird

Forest & Bird is Aotearoa New Zealand’s leading independent voice for nature, speaking up in communities, councils and courts to protect our wildlife and wild places for almost 100 years. We have been instrumental in creating national parks, the Department of Conservation, the first predator-free island, marine reserves and sanctuaries, and have protected and restored thousands of hectares of native bush. Forest & Bird relies mostly on the support from individuals. So, donations from Pathfinder KiwiSaver members are essential to our work, and mean we can continue protecting and restoring the wildlife and wild places you love. In partnership with Pathfinder, Forest & Bird can inform people that making more ethical financial choices is another helpful way to support nature too.

We love Pathfinder – thank you!

NZ Vegetarian Society

We partnered with the team at Pathfinder because they stood out as game-changers in the ethical investing space. They tirelessly work to prove investing in line with your values doesn’t have to mean taking a hit financially.

We love that they invest in companies that align with our mission to increase vegetarianism (including veganism) to reduce cruelty to animals, improve human health, protect the environment and preserve world resources.

Leadership New Zealand

Leadership New Zealand has been part of Pathfinder’s community of charity partners since the very beginning. Like Pathfinder, Leadership New

Zealand’s activity and outcomes stretch right across the 17 Sustainable Development Goals. Our ability to deliver those outcomes has grown in meaningful ways through our partnership with Pathfinder.

Leadership New Zealand has been delivering experiential and transformative leadership development programmes since 2003, with a particular focus on bringing New Zealand’s private sector, public service and flax roots leaders together. We connect leaders who are working for change across government, business and community, and catalyse transformative learning and projects. We believe the future of business is ethical, and we’re proud to be working with Pathfinder to help emerge this future.

Leadership New Zealand’s values are aligned with the principles that inform Pathfinder’s investment approach. We see the courage, generosity of spirit, integrity, and innovation that Pathfinder bring to their work. We’re proud to be part of Pathfinder’s movement for change.

Breast Cancer Cure

With 1 in 9 New Zealand women diagnosed with breast cancer, the donation from Pathfinder helps to fund vital breast cancer research projects right here in New Zealand.

Men’s Health Trust

Men’s Health Trust promotes good health practices for the men of Aotearoa New Zealand. When men make good healthy choices and take action to live healthier every day, this ultimately translates into healthier families, workplaces and communities.

Support from Pathfinder KiwiSaver this year helped fund activities in June for Men’s Health Month. This is an international awareness month aiming to shine a spotlight on preventable health problems and encourage early detection and treatment.

A special focus for the Trust over the last year has been continuing to grow the successful ‘CheckMates PI’ programme which has helped transform the lives of many Pacifica men.

Pathfinder People



7. Pathfinder People

Testimonials

Here are some passionate Pathfinder members who were kind enough to let us share their reason for switching in our advertising this year.



“As a person with a strong view on ethical issues including animal rights, climate change and human rights, I want my money to be investing in companies that align with that view.”

Mila – Proud Pathfinder member + Founder and Head Chef at V on Wheels



“I was stoked when I realised my money could be invested with companies that helped build a world I could be proud of.”

Mireia – Proud Pathfinder KiwiSaver Member



“Pathfinder’s growth fund had a 3-year track record of strong returns, which, as someone many years away from retiring with an appetite for risk, I couldn’t resist.”

Jessica – Proud Pathfinder member + Founder of Co-Benefits



“It’s awesome to know that while I go about my every day, under the Pathfinder team, my savings are working to make the world a better place.”

Declan – Proud Pathfinder KiwiSaver Member



Introducing our Ethics Committee

Our Ethics Committee sits at the heart of Pathfinder’s commitment to ethical investment. It is made up of key members of our team with guest experts invited for specific projects.

The Committee is responsible for creating and maintaining our Ethical Investing Policy and ensuring that our ethical approach authentically underpins our Investments.

Currently sitting on the committee is:



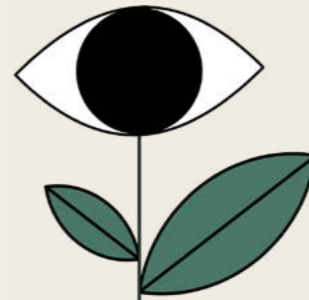
Anya Satyanand
(Chair of the Ethics Committee)

Anya is passionate about young people’s role in the future of our economy, communities and democracy. She is currently Chief Executive of Leadership New Zealand and before that Chief Executive of The Prince’s Trust NZ.



Kate Brownsey, ESG Analyst

Kate is critical in connecting our ethical policy with our investment policy. Drawing on a wide range of sources (from ESG data, sustainability analytics, news reports and company disclosures) her role is responsible for assessing the ethical integrity of potential and existing investments. Kate has a Postgraduate Diploma in Environmental Science from the Auckland University of Technology.



John Berry, Pathfinder CEO & Resident Wayfinder

Co-Founder of Pathfinder and current CEO, John has a background in law and finance and is committed to making ethical investment accessible to all NZ investors.



Paul Brownsey, CIO

Co-Founder of Pathfinder and CIO of both Pathfinder and Alvarium (Pathfinder’s sibling company), Paul heads our investment team and our ethical investment processes.



Lily Richards, Creative Director

Part of Lily’s role is to ensure Pathfinder’s member communications are clear, engaging and educational, and that our user experience is top notch.

She has an academic background in the philosophy of ethics as well as over 10 years’ experience in marketing.

Meet our investment team



Paul Brownsey CIO, Co-founder of Pathfinder

Over 30 years' experience in finance.

“I am very proud of the team at Pathfinder. We are full of diverse opinions but are all committed to implementing our ethical investment policy. Debate can be intense but many of our good ideas come from that robust debate.”



Kate Brownsey, ESG Analyst

Postgraduate diploma in Environmental Science.

“Working at Pathfinder is a great combination of policy and implementation. Pathfinder is viewed as a thought leader and early adopter – it is interesting to be at the heart of that process.”



Hamesh Sharma, Portfolio Manager

Over 10 years experience in financial markets. Formerly worked at major NZ financial institutions including Goldman Sachs JB Were.

“We invest to the highest ethical standards in the market, not only excluding unethical companies, but investing in ESG themes such as water and renewable energy. ESG metrics are the starting point of our stock analysis, rather than a factor we look at in the end of our process. We have been able to generate solid medium-term return and risk characteristics through active management of our portfolios, all while investing through a highly ethical lens.”



Holly Armstrong, Investment Analyst

New to Pathfinder but 6 years in the investment industry.

“As the latest addition to the Pathfinder team, I am particularly impressed by how their sustainability focus is not viewed as a hindrance or a hoop to jump through with rather an opportunity – an opportunity to not only deliver superior returns but to have meaningful influence while doing so.”



James Caughey, Investment Strategist

Member of the Investment Committee.

Over 11 years experience in investment management.

**“These 3 things define our investment approach:
A commitment to reflecting market-leading ethical investing practices in our funds. Leaving no stone unturned in our search for attractive investments. Active management that responds to market conditions.”**

Investing in each other

We believe the people who choose Pathfinder all have something in common – they all care. They care about our planet, ecosystems and animals as well as each other. They also care about growing their personal wealth responsibly. We take joy in connecting with our members and in connecting our members to a wider community.

This past year we created opportunities for the public and members to get involved in activities that support our vision of investing for a better world.

Electrify E-Bike

We offered our members the chance to win a NZ designed and made E-Bike for themselves and one for their friend.

Every person who signed up because a KiwiSaver member referred them went in the draw. Sarah and Misma were our lucky winners.

Sarah rides her bike around Auckland and Misma, a potter on Waiheke, rides hers around the island. E-bikes are emission free and climate friendly, the perfect gift to thank our members with!

¹ <https://www.theguardian.com/lifeandstyle/2021/apr/25/going-vegan-can-switching-to-a-plant-based-diet-really-save-the-planet>.

Climate Warrior with V on Wheels

For the month of September we teamed up with New Zealand’s first vegan meal delivery service to offer 2 families the chance to be climate warriors for a month. Data shows that eating plant based is the single biggest thing we as individuals can do about climate change.

New data from the German food-tech start-up Greenforce revealed that if everyone shifted to plant-based foods just two days a week for a year, it would be the equivalent of planting nearly 14 billion trees*. To inspire people to shift their thinking towards positive solutions we paid for 2 families (up to 8 people) to eat 2 vegan meals each a week, for a month.

We believe in educating people to harness the positive power their lifestyle choices can have on everyone and everything around them.



Thoughts from our Financial Advisor



“Your investing has the power to give ethical companies more power to do good.”

Jeanette Kassa – Financial Advisor

People want to invest ethically, they’re just afraid it’s too good to be true. I would say the majority of people I chat with, in one way or another, want an answer to this question. Can I make good returns while investing with a greater good in mind?

I love explaining how our ethical investing works and what we’re able to achieve for our investors and wider stakeholders (such as our charity partners and private investments). It’s incredibly satisfying to teach investors about the benefit of investing ethically, both for their savings and their conscience. Our impressive three-year KiwiSaver Fund returns help explain the financial potential of ethical investing and that you don’t have to trade the greater good for good returns. Sharing our 10-plus-year track record of our Global Water Fund, our flagship fund we set up to help fight the global water crisis, also shows our impressive performance over time.

Top 3 things that move people to switch to Pathfinder in my experience are:

- We don’t invest in Nestle (one of the world’s more controversial companies – with good reason. From animal testing to the marketing expensive baby formula in poor nations, which led to mothers watering down the product with unsafe water and their babies not getting enough nourishment – to issues of child labour in supply chains – Nestle has become the poster child for an unethical investment.)
- Long track record of performance.
- We give 20% of our KiwiSaver management fees to NZ charities.
- For the active comparable to our peers we provide, the fee we charge is the market average.

What gets me out of bed in the morning...

I love what Pathfinder stands for and the products we offer. I get to work for an organisation that challenges traditional stereotypes, and leads the way, proving you can invest ethically without compromising on returns or values.

Tailoring advice to the person I’m chatting with, that reflects what’s essential to them, is incredibly satisfying. Meaningful work for me, is ensuring each person who asks for advice gets advice that’s most likely to help them achieve their financial goals.

Pathfinder is perfect for...

“Your investing has the power to give ethical companies more power to do good.”

Ethical investing is especially important when you consider the future; yours, mine, your children’s. The impact that corporations have today on the environment and society could alter the course of the future forever. Looking back on your life, you’ll want to be able to say you did everything possible to leave behind a kind and habitable world for future generations to come.

Certifications and memberships



Awards



Appendix



Appendix:

Supplementary data.

Appendix A

Below we show exposures in our KiwiSaver Growth Fund* to some key low carbon power and automotive technologies at 31 March 2022. Our fund significantly out-performed on these low-carbon investment metrics:

	Pathfinder KiwiSaver Growth Fund	Benchmark (iShares MSCI ACWI ETF)
Exposure to low-carbon power technologies e.g. renewables, hydro	3.5% of assets under management or 62.1% of power sector	1.6% of assets under management 46.6% of power sector
Exposure to low-carbon automotive technologies e.g. EVs, hybrids	2.5% of assets under management or 91.1% of automotive sector	1.2% of assets under management 64.1% of automotive sector

* Equity not bonds.

Appendix B

The table below uses the shorthand “kgCO2e” which is the unit that carbon footprints are often measured in and it translates to kilograms of carbon dioxide equivalent.

	kgCO2e (using location based emission factor)
Total for 2021	1738
Average per month	144.8
Average per employee	84.8

Appendix C

TCFD Disclosures

Task Force on Climate-related Financial Disclosures -

At Pathfinder we believe that financial markets need clear, comprehensive, high-quality information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world. The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. Here’s how we implement this at Pathfinder:

Governance of Climate-Related and Opportunities

Board’s oversight of climate-related risks and opportunities

The board is ultimately responsible for Pathfinder’s response to the risks and opportunities presented by climate change. The Chief Investment Officer and Investment Committee report to the board.

Management’s role in assessing and managing climate-related risks and opportunities

Management has day-to-day responsibility for identifying and managing climate-related risks and opportunities. The investment team and ethics committee are given responsibility for climate-related issues.

Our overall approach to climate-related risks and opportunities is outlined in Our View on Climate Change & Pathfinder.

Strategy

Climate-related risks and opportunities identified over the short, medium, and long-term	<p>Opportunities: Increasing demand for sustainable investment products</p> <p>Risks: Regulatory, reputational, and market risks; Physical risks including acute (e.g. extreme weather events) and chronic (e.g., biodiversity loss) and transitional risks e.g. increasing regulatory constraints on carbon and changing customer demand for lower carbon products.</p>
Actual and potential impacts of climate-related risks and opportunities on the Company's strategy and financial planning	<p>Recognition of climate - risks and opportunities shapes our investment strategy; we proactively seek out low-carbon investments and avoid investment in highly intensive companies, unless we have identified the company as actively transitioning in line with Paris goals. We also look to support technological innovation that aims to overcome environmental challenges.</p>
Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario	<p>Pathfinder has undertaken scenario modelling to assess the resilience of our investment strategy. These scenarios are based on a 1.5C, 2C, and a reference scenario.</p>

Risk Management

Processes for identifying and assessing climate-related risks	<p>Climate-related risks and opportunities are primarily identified, assessed, and managed by the investment team. These processes are supplemented with input from the Ethics Committee.</p>
Processes for managing climate-related risks	<p>Key risks identified are entered into the Risk Register, and materiality of the risk is then determined by a formal assessment process.</p>
Processes for identifying, assessing, and managing climate-related risks and integrating them into overall risk management	<p>Significant climate-related risks are brought to the attention of the Ethics Committee and Investment Committee as part of the reporting process, and where appropriate are escalated to the board.</p>

Metrics and Targets

Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	<p>Emissions intensity, science-based targets, SDGs, low-carbon technology exposure.</p>
Reporting greenhouse gas emissions	<p>Scope 1, 2 and 3 carbon equivalent emissions and offsets on an annual basis. The emissions of Pathfinder (at corporate level) and those for the funds managed by Pathfinder are reported separately.</p>
Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	<p>Our current targets for our funds include:</p> <ul style="list-style-type: none"> • Emissions intensity 67% below benchmark - achieved. • Reduction of emissions intensity of 7% per annum for each fund - achieved. • Increase proportion of investees that have set approved science-based targets from 2020 base of 27.7% in line with the SBTi Financial Sector guidance. • Offset all portfolios by 2030 (Note: We have offset KiwiSaver funds and Ethical Growth fund as of 31/3/21) and achieve net zero carbon emissions.

Photography: Akash Sudan, David Maunsell, William Daigneault, Rakicevic Nenad, Leon Macapagal, Sebastian Voortman, Amauri Mejia, Melissa Askew, Eberhard Grossgasteiger, Aaron Sebastian, Sora Shimazaki, Helena Lopes, Alexandra Karnasopoulos.

Design by: [Head and Tail](#)

Pathfinder

Sustainability Report 2022

GROW
WEALTH &
WELL-BEING

