

Lifestages KiwiSaver Scheme
& Lifestages Investment Funds

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

30 June 2023



Lifestages is an operating division of Funds Administration New Zealand Limited (“FANZ”, “we”, “us”, “Manager”). FANZ is the issuer and manager of the Lifestages KiwiSaver Scheme (“Scheme”) and the Lifestages Investment Funds. FANZ is a Class 2 Financial Advice Provider. A copy of our Financial Advice Provider Disclosure Statement is available at www.lifestages.co.nz.



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Australasia



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ISO 14064-1
ORGANISATION

We manage the Lifestages KiwiSaver Scheme and Lifestages Investment Funds to ensure that we invest responsibly.

We screen your 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 Weapons



Tobacco



Civilian Firearms



Alcohol



Gambling & Casinos



Adult Entertainment

We favour investments that are:

**Less carbon
intensive**

than the funds' asset
class benchmark.

**Less exposed to
fossil fuels**

than the funds' asset class
benchmark.

**More involved in
carbon solutions**

than the funds' asset class
benchmark.



How we Manage Your Investments – the Details



As a responsible partner in your 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 your personal values as possible. We have been investing this way since 2016 and are constantly seeking new ways to improve our carbon footprint as a business.

Our current approach uses some of the best ESG research available to ensure 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 and Lifestages Investment Funds have 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 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 that earn 10% or more in revenue, from manufacturing of Weapons, Weapons Components, and/or Weapons Support Systems and Services

2. Nuclear Weapons

- > All companies classified as involved in manufacturing of Nuclear Weapons, or Nuclear Weapons Components
- > All companies classified as a Manufacturer of Depleted Uranium Weapons

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 or Retailer 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 deriving 5% or more revenue from the production of pornographic materials.
- > All companies deriving 15% or more aggregate revenue from the production, distribution and retail of pornographic materials.

The Lifestages funds also emphasise 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 CO2 emissions per US\$1 million of revenue.

Lower Fossil Fuel

Involvement – defined as the percentage of the portfolio that is exposed to corporations that make any revenue (>0%) from fossil fuel companies with higher scores.

Higher Carbon Solutions

Involvement – defined as the percentage of the portfolio that is exposed to corporations that make any revenue (>0%) from carbon solutions, including areas such as renewable energy, energy efficiency, and green buildings and transportation.

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, or higher carbon solutions involvement.

In the case of the Lifestages KiwiSaver 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 each Fund's benchmark in the SIPO at www.lifestages.co.nz.



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