



Tempo

ESG Screening Disclosure

20 December 2023

Our ESG screening of the underlying exchange traded funds that the Tempo Funds invest in has identified the following exceptions:

TEMPO FUND	UNDERLYING FUND	CATEGORY 5 CONTROVERSY AND UNGC NON-COMPLIANT	TOBACCO PRODUCTS (PRODUCTION, 50-100%)	CONTROVERSIAL WEAPONS (CORE, >0%) ¹	% OF UNDERLYING FUND (AS AT 15 DECEMBER 2023)
Lower Carbon Fund	iShares MSCI World Paris-Aligned Climate UCITS ETF	Wells Fargo			0.04%
Lower Carbon fund	iShares MSCI World Paris-Aligned Climate UCITS ETF			L3 Harris Technologies	0.15%
Global Variety fund	iShares MSCI World SRI UCITS ETF			Daikin Industries	0.32%
Diversity & Inclusion fund	iShares Refinitiv Inclusion and Diversity UCITS ETF	Wells Fargo			1.16%
Diversity & Inclusion fund	iShares Refinitiv Inclusion and Diversity UCITS ETF		British American Tobacco; and Philip Morris International		1.84% (total)

While we routinely conduct screening for ESG matters, this disclosure will only be updated if a further exception is identified or if there is a material change to the existing exceptions.

We use Sustainalytics to help us screen the funds. You can find more information about what we do in relation to ESG in the Tempo ESG Policy, which is in the Statement of Investment Policy and Objectives on our website (www.tempo.co.nz).

As a reminder, we do not manage the underlying funds that our Global and Specialist funds invest in. This means we don't have control over the holdings within them and cannot dispose of an offending investment should one arise. We are committed to disclosing information if we identify a company in an underlying fund that fails our ESG screening, including decisions we make on whether to (a) still select or continue to hold the underlying fund, or (b) not select it or to sell it.

¹ Note that our SIPO references a 5% revenue threshold for controversial weapons whereas the screen applied for the purposes of this disclosure uses a 0% revenue threshold. The SIPO also does not reference components or dual use. We note that there are a range of approaches on these matters, and will review our SIPO in this regard in due course. In the meantime we have decided to make these additional disclosures based off a more stringent test than is in our SIPO.

After review by the Tempo Investment Committee, we have made the following decisions:

- To continue to hold the iShares MSCI World Paris-Aligned Climate UCITS ETF as the underlying fund for the Tempo Lower Carbon Fund. The main reason being is that the fund continues to provide a low carbon investment option and the holdings flagged during ESG screening do not dilute this focus. Our screening flagged L3 Harris Technologies as being involved in the manufacture of various components for controversial weapons. After engagement with the fund provider, Blackrock, it was determined that the components produced by L3 Harris Technologies have dual use and are not exclusively used in controversial weapons. In addition, while we acknowledge there are other ESG related concerns, Wells Fargo and L3 Harris Technologies account for only a very small (de minimis) proportion of the underlying fund. This decision is subject to ongoing review.
- To continue to hold the iShares MSCI World SRI UCITS ETF as the underlying fund for the Tempo Global Variety Fund. The main reason being is that the fund continues to provide a core global, equity exposure for investors and the holding flagged during ESG screening does not dilute this focus. Our screening flagged Daikin Industries as being involved in the manufacture of components for controversial weapons. After engagement with the fund provider, Blackrock, it was determined that the components produced by Daikin Industries are not used as weapons. Also, Daikin Industries accounts for only a very small proportion of the underlying fund. This decision is subject to ongoing review.
- To continue to hold the iShares Refinitiv Inclusion and Diversity UCITS ETF as the underlying fund for the Tempo Diversity and Inclusion Fund. The main reason being is that the fund continues to provide an investment option for investors interested in this agenda. However, the exceptions account for over 3% of the underlying fund. On balance, considering the options available, the iShares Refinitiv Inclusion and Diversity UCITS ETF remains our preferred investment choice to meet the investment objective of the Tempo Diversity and Inclusion Fund. This decision is subject to ongoing review.

How does this impact you as an investor?

This may impact your decision-making, if exposure to these companies does not align with your values as an investor.