



# Tempo

## ESG Screening Disclosure

21 August 2024

Our ESG screening of the underlying funds that the Forsyth Barr Funds invest in has identified the following flags:

FORSYTH BARR FUND	UNDERLYING FUND	CATEGORY 5 CONTROVERSY &/OR UNGC NON-COMPLIANT	TOBACCO PRODUCTS (>5%)	CONTROVERSIAL WEAPONS (CORE, >0%)	THERMAL COAL (>5%)	TOTAL % OF UNDERLYING FUND (AS AT 30 JUNE 2024)
<b>Lower Carbon Fund</b>	iShares MSCI World Paris-Aligned Climate UCITS ETF	Wells Fargo				0.27%
<b>Global Variety Fund</b>	iShares MSCI World SRI UCITS ETF			Daikin Industries		0.22%
<b>Global Quality Fund</b>	GMO Quality Trust	Wells Fargo		Safran		4.62%
<b>Global Value Fund</b>	Pzena Global Focused Value	Wells Fargo; and ArcelorMittal				3.62%
<b>AUS Companies Fund</b>	Octagon Australian Equity				BHP Group	7.81%

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

We use Sustainalytics to help us screen the funds for common ESG issues like companies that manufacture tobacco or extract thermal coal. You can find more information about what we do in the Tempo ESG Policy, which is in the Statement of Investment Policy and Objectives on our website ([www.tempo.co.nz](http://www.tempo.co.nz)).

As a reminder, we do not manage the underlying funds that our Global and Specialist funds invest in, and Octagon Asset Management is the investment manager of the underlying funds that our New Zealand and Australian 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 a company in an underlying fund is flagged by our ESG screen. We will then disclose any decisions we make on whether to (a) continue to select the underlying fund, or (b) sell it.

When choosing to retain, or replace, underlying funds the Tempo Investment Committee considers a wide range of factors including the attributes of the current fund and its manager, the availability and attributes of alternative options, the significance and magnitude of current and potential future ESG flags, and fees for our customers. At this time, the Tempo Investment Committee is comfortable that our current fund selection balances all relevant considerations.

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

- To continue to select the iShares MSCI World Paris-Aligned Climate UCITS ETF as the underlying fund for the Forsyth Barr Lower Carbon Fund. Our screening flagged Wells Fargo for a category 5 media controversy related to improper sales practices. Wells Fargo accounts for only a very small (de minimis) proportion of the underlying fund. Therefore, the Tempo Investment Committee is of the view that the fund continues to provide a low carbon investment option and the holdings

flagged during ESG screening do not dilute this focus. This decision is subject to ongoing review.

- To continue to select the iShares MSCI World SRI UCITS ETF as the underlying fund for the Forsyth Barr Global Variety Fund. 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. Therefore, the Tempo Investment Committee is of the view 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. This decision is subject to ongoing review.
- To continue to select the GMO Quality Trust as the underlying fund for the Forsyth Barr Global Quality Fund. Our screening flagged Wells Fargo for the category 5 media controversy described above and Safran because more than 5% of its revenue comes from thermal coal extraction. The exceptions account for just under 5% of the underlying fund. The Tempo Investment Committee is of the view that the fund continues to provide a global, quality equity exposure for investors and the holdings flagged during ESG screening do not dilute this focus. It remains our preferred investment choice to meet the investment objective of the Global Quality Fund. This decision is subject to ongoing review.
- To continue to select the Pzena Global Focused Value fund as the underlying fund for the Forsyth Barr Global Value Fund. Our screening flagged Wells Fargo for the category 5 media controversy described above, and ArcelorMittal given the loss of lives at the recent (October 2023) fire and explosion at the company's Kostenko mine in Kazakhstan. The exceptions account for just under 4% of the underlying fund. The Tempo Investment Committee is of the view that the fund continues to provide a global, value equity exposure for investors and the holdings flagged during ESG screening do not dilute this focus. It remains our preferred

investment choice to meet the investment objective of the Global Value Fund. This decision is subject to ongoing review.

- To continue to select the Octagon Australian Equity fund as the underlying fund for the Forsyth Barr AUS Companies Fund. Our screen flagged the mining company BHP Group, because more than 5% of its revenue comes from thermal coal extraction. The exceptions account for just under 8% of the underlying fund. The Tempo Investment Committee is of the view that the fund continues to provide a core, Australian equity exposure for investors and the holding flagged during ESG screening does not dilute this focus. The Octagon Australian Equity fund remains our preferred investment choice to meet the investment objective of accessing Australian equities. This decision is subject to ongoing review.

### **How does this impact you as an investor?**

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