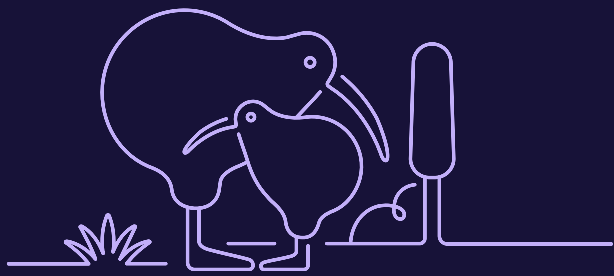
SBS Wealth KiwiSaver Scheme, SBS Wealth Investment Funds & SBS Wealth Portfolio Service PIE Investment Series

Responsible Investment Brochure

As at July 2026

SBS Wealth Limited is a wholly owned subsidiary of Southland Building Society, operating as "SBS Bank".

Wealth Grown with care



Environmental, Social, and Governance (ESG) considerations and active ownership are increasingly being integrated into investment processes and decisions. Together, the incorporation of ESG and active ownership within the investing world is associated with the term “stewardship.”

As steward of your investments, we embrace our core fiduciary duty to provide positive financial outcomes, balancing risk and return, while also acting responsibly through a combination of ESG practices and active ownership (through proxy voting and engagement).

Our ethos is supported by membership to the Responsible Investment Association Australasia and Toitū Environcare.

Ultimately, we aim to ensure that your wealth is grown with care.

Our Approach

We believe that we can foster positive outcomes for society and the environment by minimising involvement in certain practices considered to be harmful.

Our approach to responsible investment is guided by our stewardship principles:

1. **Driving change over time, not overnight.**
Responsible Investing is a journey which requires ongoing incremental improvement.

2. **Focus on opportunities, not just exclusions.**
Shareholders can influence companies through voting rights. We seek to use this influence to bring about change in the way that companies do business.

We integrate ESG within the investment process by considering the following factors:

Strategic – we target specific ESG themes (for example, renewable energy) to ensure we remain true to our commitment to growing your wealth with care.

Proactive – we refine the overarching strategic ESG themes at the investment level with the aim of improving the overall ESG characteristics of your investments.

Reactive – if a concern regarding a company arises in relation to its ESG characteristics, a review of the company is triggered. If no material improvement or clear pathway is apparent, the company may be divested.

The Details

Environmental (E)

While providing positive financial outcomes is our main goal, our environmental considerations help to enable opportunities for our investees to improve on their business practices. We believe we can encourage change through allocating more capital to organisations who perform better on environmental scores, and less to those with worse scores, while still adhering to prudent industry diversification.

Where possible we prefer investments in companies with lower **carbon intensity** or that have a lower amount of **fossil fuel involvement**.

We also prefer companies with greater **carbon solutions involvement** and other initiatives aimed at promoting a better future – collective investor collaboration can encourage and enable companies in high-impact industries to do better for the environment.

Key Terms	How it works
Carbon Intensity	Carbon Intensity measures the level of emissions a company produces compared with its declared revenue. This is calculated as metric tonnes of CO_2 per US$1 million of revenue.*
Fossil Fuel Involvement	A company is classified as being involved in Fossil Fuels if it generates more than 5% of its total revenue from activities in thermal coal extraction, thermal coal power generation, oil and gas production, and oil and gas power generation.
Carbon Solutions Involvement	Carbon Solutions Involvement refers to when a company generates revenue from areas such as renewable energy, energy efficiency, and green buildings and transportation.

*While revenue figures for investee companies are only updated once per year, emissions data is updated more regularly.

Different providers use different methodologies. We utilise Morningstar Sustainalytics data to enable the assessment and monitoring of our ESG considerations.

We do not employ strict thresholds on Environmental scores due to potential risks around limiting our ability to effectively manage financial risk through industry diversification.

RESPONSIBLE INVESTMENT POLICY

Social (S)

We all come from different walks of life and what investors consider important is dynamic as a result. Our social considerations reflect the nature of our investment style and cover the issues considered to be most important to Kiwis, as well as New Zealand's governing bodies.

We screen for the following types of investments and either exclude or minimise exposure to them*. Screening is conducted at the parent company level but may also be conducted at the subsidiary level.

- **Controversial Weapons**
- **Recreational Cannabis**
- **Gambling & Casinos**
- **Nuclear Weapons**
- **Military Contracting Weapons**
- **Palm Oil**
- **Tobacco**
- **Civilian Firearms**
- **Alcohol**
- **Whale Meat Processing**
- **Adult Entertainment**

*This means our investible universe is more narrow than funds that do not screen for these practices and could potentially impact on the risk to return profile of your investments.

Investment Exclusions

We exclude companies involved in the production or distribution of the following practices, by screening investments with a 0% revenue threshold:

1. Controversial Weapons

Companies directly involved in manufacturing and/or distribution of weapons that have a disproportionate and indiscriminate impact on civilians, including but not limited to cluster munitions, landmines, depleted uranium weapons, and chemical and biological weapons.

2. Nuclear Weapons

Companies directly involved in production and/or distribution of nuclear weapons or essential components.

3. Production of Tobacco, Tobacco-based Products, and Nicotine Alternatives

Due to social and regulatory pressures coupled with poor health outcomes we exclude companies directly involved in these activities.

4. Whale Meat Processing

We exclude companies directly involved in whale meat processing on the basis that decades of poorly regulated hunting has dwindled numbers of some species to critically low levels.

5. Recreational Cannabis Production

Recreational use of cannabis is illegal in New Zealand under the Misuse of Drugs Act 1975 and is contrary to New Zealand's commitments to international drug conventions.

If we become aware of new information where a company we invest in has become involved in any of these activities, a full review of the company will be conducted and divestment may be deemed necessary.

Investment Minimisation

We aim to have no more than 1% of a fund/portfolio exposure to any company involved in the following practices*. This list is not exhaustive and may change as societal issues bring into relevance new considerations.

1. **Conventional Military Weapons**
   Companies directly involved in the manufacturing of military weapons or tailor-made components. This includes weapons and weapon systems including but not limited to missiles, grenades, attack helicopters, battleships, and tanks."

2. **Civilian Firearms ("Small Arms")**
   While we recognise that many rural Kiwis are responsible gun owners, increased gun-related violence means we prefer to reduce exposure to companies directly involved in manufacturing and sale of assault and non-assault weapons for civilian customers.

3. **Adult Entertainment**
   Companies that own or are directly involved in operating adult entertainment establishments or the production of pornography.

4. **Gambling and Casinos**
   Companies directly involved in operating gambling establishments like casinos, racetracks, and online gambling services.

5. **Palm Oil Production**
   Palm oil is the most widely used oil crop in the world, however, deforestation in the pursuit of farming expansion is a major cause of habitat loss for plants and animals.

6. **Alcohol**
   Alcohol producers are avoided, due to adverse social and health outcomes.

*Exposure is calculated as a company's level of revenue generated from any individual practice, weighted by its allocation within a fund or portfolio. We aim to ensure that the total amount of exposure to any one practice does not rise above 1% for a given fund or portfolio.

International Sanctions

We will exclude investment in any nation state where there is widespread condemnation or sanctions by the international community *and* New Zealand has imposed meaningful legal, diplomatic, economic, or military sanctions aimed at that nation state.

Governance (G)

Governance considerations speak to how companies manage their business, plus factors like human rights issues, fair compensation and other Social factors. It also speaks to how the boards of directors deal with Environmental and Governance factors.

We may exclude individual companies where we believe that there is a serious risk of, or a material breach of standards of good corporate practice and that exclusion is the right course.

Proxy Voting

Once the decision is made to make an investment into a company, we make use of our influence as institutional shareholders. We exercise this through voting at company Annual General Meetings and on shareholder proposals.

Our prime considerations when evaluating proxy votes include (but are not limited to):

- Board composition (including diversity considerations);
- Auditor ratification;
- Executive compensation;
- Environmental and Social risks;
- Mergers and acquisitions;
- Capital structure;
- Shareholder rights;

The key common factor among these is risk oversight failure from the Board of Directors.

We vote in a manner which we consider is the best course of action in the name of good, transparent corporate governance. We rely on our Proxy Voting provider, ISS, to provide research and analysis on ballots, however, the vote decision ultimately sits with us.

Proxy Voting Guidelines

Board Structure and Composition	Investee companies should elect capable and qualified boards to oversee management and risks. Factors to consider include independence, Risk oversight failure, Board diversity, Climate accountability (GHG emissions and reduction targets).
Auditor Related	Vote for unless absence of Auditor Ratification, or concerns about the accounts in the statutory reports.
Executive Compensation	Investee companies should be transparent about compensation plans and use clear metrics that link long-term performance and pay.
Material Environmental and Social Risks	Investee companies should implement and exercise oversight of material environmental and social risks and disclose such risks to improve transparency.
Mergers & Acquisitions	The proposed transactions should include review and evaluation of the merits, and drawbacks.
Capital Structure	Vote for general issuance requests, and proposals to increase authorised capital.
Shareholder Proposals	The proposal should consider if the implementation is likely to enhance or protect shareholder value, if it is more appropriately or effectively dealt with through legislation, is unduly burdensome, compares with industry standard, and any litigation associated with the company's environmental or social practices.

External Fund Managers

Where external funds and fund managers are used, we review the underlying responsible investment policy and stewardship statements/policies to ensure that these align with our ESG settings.

We monitor the underlying holdings of these funds and regularly engage with the fund managers to ensure we are kept up to date on the investment exclusions. If an underlying fund is found to be outside of our ESG settings, the fund manager will be engaged to fix the issue. If the issue persists for longer than six months, with no indication of a suitable outcome, the fund may be divested.

We permit external fund managers to exercise proxy votes on securities they manage according with their own proxy voting policy.

Value For Money

Growing your wealth for the long-term is our main goal. However, we believe incorporating ESG into your investments, could ensure better environmental and societal outcomes, while also providing you with better financial outcomes.

ESG integration is no easy task, so we utilise research from reputable research houses such as Morningstar and ISS to help ensure that you get the most out of your investments while keeping fees reasonable.

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