

Pathfinder exceptions register – February 2025

At Pathfinder, we aim to avoid investing in companies whose behaviour conflicts with our ethical standards by applying exclusion criteria. Our exclusions seek to minimise investments that cause unnecessary harm to people, the planet or animals. However, in exceptional cases, we may invest in companies that do not fully adhere to our ethical exclusions. These decisions are made by our Ethics and Investment Committee after a review of the relevant circumstances and factors influencing the investment including:

| Transition | Transformation | Financial |
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| Acknowledging a company's commitment to business transition A company may be in the final stages of a transition out of an excluded activity with a clear pathway to achieving that. If we observe leadership, commitment, and a clear plan to transition from a company we may decide to invest in that company. | Solving difficult challenges and investing for change A company may be striving to transform an industry for the better, by driving innovation, taking on other's environmental liabilities or significantly changing the accepted way that things are done. Making a transformative leap will sometimes require transgressing our exclusions to enable that change. We may consider investment to support such change. | Portfolio construction imperatives A company may (a) meet the criteria required by our investment process (b) be otherwise compliant with our Ethical Investment Policy and (c) our Investment Team determine we are unable to create a portfolio with appropriate diversification and/or risk return characteristics without that company. If these criteria are met, we may invest in the company. |

For further information regarding exceptions, please see our Ethical Investment Policy. Our current list of companies for which an exception has been granted is below.

| Date exception granted | Company name | Area of concern | Rationale for exception |
|------------------------|--------------|-----------------------------|---|
| Feb-25 | Costco | Fossil Fuels (Petrol sales) | Financial: Portfolio construction imperatives. Costco provide a high-quality service allowing consumers to access grocery and pharmacy items at an accessible price, including petrol. |
| Feb-25 | Google | Animal testing (Medical) | Financial: Portfolio construction imperatives. Ownership stake in Verve Therapeutics (accounts for less than 0.01% of Google's revenue). |
| May-24 | Danaher | Animal testing (Medical) | Transformation: solving difficult challenges and investing for change They endeavour to eliminate the need for animal testing in drug development through human cells and technology solutions with a high success rate. |
| May-23 | Contact | Fossil fuels (Generation) | Transition: acknowledging a company's commitment to business transition Contact expects to move to 95% renewable by end of 2024, and 100% by 2026. |
| Apr-23 | Telix | Animal testing (Medical) | Financial: Portfolio construction imperatives Testing is carried out according to appropriate ethical and scientific codes with ethics approval required. |
| Aug-21 | Polynovo | Animal testing (Medical) | Transformation: solving difficult challenges and investing for change If successful, Polynovo products will result in much lower future demand for animal sourced surgical products. In addition, we believe Polynovo's synthetic product is also superior to current animal-based alternatives (lower infection and rejection risk). |
| Aug-21 | CSL | Animal testing (Medical) | Financial: Portfolio construction imperatives The company develops and delivers a broad range of life-saving medicines to treat disorders such as haemophilia and primary immune deficiencies, and vaccines. Any testing must be approved by the company's Animal Ethics Committee with appropriate reference to the 3R's. Bioethical principles are also set out in the company's code and values. |

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| Jul-21 | Fisher & Paykel | Animal testing (Medical) | <p>Financial: Portfolio construction imperatives</p> <p>F&P are in the healthcare industry and are required by law/regulation to undertake certain animal testing in relation to their products. The company supports further reduction of animal testing by funding and supporting research into alternatives such as physiological computer models.</p> |
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