



QUAYSTREET
ASSET MANAGEMENT

Socially Responsible Investment Policy

October 2021

Version 3

Introduction

This Socially Responsible Investment (SRI) Policy outlines how QuayStreet Asset Management Limited ('QuayStreet') determines what constitutes a socially responsible investment and what type of criteria and assessments we apply when making investment decisions. It provides insight into the investment management process for those funds that adhere to this Policy and for investors to evaluate if the principles that are applied are in alignment with their own.

QuayStreet is an active investment manager, that invests on behalf of its clients across Australasian and international markets. We strongly believe that a portfolio of investments in companies that contain strong environmental, social and governance (ESG) attributes does improve risk-adjusted returns over the long-term. Our duty is to act in the best interest of our clients and we recognise that integration of ESG principles within the investment process allows us to fulfil this duty more completely.

About the Investment Manager

QuayStreet Asset Management Limited ('QuayStreet') is an investment manager for a range of investment products including the QuayStreet Funds ('the Funds') and the QuayStreet KiwiSaver Scheme. QuayStreet is a fully owned subsidiary of Craigs Investment Partners Limited (CIP). CIP is one of New Zealand's largest investment advisory firms, offering tailored investment solutions to private, corporate and institutional clients.

Scope of Policy

This Policy applies to the investment management services provided by QuayStreet to any fund that is required to integrate SRI principles as part of its investment objectives. The policy applies to all investment asset classes and security types, unless specified otherwise.

Philosophy & Approach to Socially Responsible Investing

QuayStreet's philosophical approach to socially responsible investing is to achieve strong investment performance whilst ensuring high levels of ethical and ESG standards are met. This is achieved by applying our two-stage SRI screening methodology and integrating it with our traditional investment framework.

This Policy provides an overview of how our two-stage SRI screening process is integrated, conducted and monitored.

Two-Stage SRI Screening Methodology

Stage One – Exclusionary Screening

The first stage, of our two-stage SRI screening methodology, is identification of business activities that are deemed to have a negative influence on the society or the environment.

We define this as our “exclusionary” list, and consists of the following business activities:

- Alcohol Production
- Tobacco Production
- Weapons/Armaments Production
- Gambling
- Mining of Fossil Fuels
- Nuclear Power
- Adult Entertainment

On a best endeavours basis, QuayStreet will avoid direct investment in companies that have direct and primary revenue exposure to these types of activities.

If a company, held in a portfolio that is governed by this Policy, begins to generate revenue from these activities, QuayStreet will seek to divest as soon as practically possible. The divestment will be executed in such a way as to avoid excessive costs or cause significant market impact.

Stage Two – Environmental, Social and Governance Evaluation

The second stage of the screening process is a strict evaluation of ESG factors, both the associated risks and opportunities. In conjunction with Exclusionary Screening, analysis of ESG factors further assists in ensuring that SRI objectives are met.

QuayStreet conducts comprehensive ESG analysis to assess a company’s behaviour, its method of conducting business and whether it is harmful or unsustainable. This analysis does not only apply to just companies, but across the entire investment spectrum of assets, regions and security types.

This is a qualitative assessment conducted by the Investment Team. Securities and holdings are continually monitored to ensure adherence to this Policy, whilst also ensuring financial and risk objectives are also satisfied.

Some of the considerations QuayStreet evaluates as part of its ESG analysis framework are shown in the following table.

ESG Factors	Example of Subjects	Example of Considerations	
Environment	Impact on Climate Change	Carbon Emissions Product Impact on Emissions	Financing Emissions Exposure Vulnerability to Climate Change
	Natural Resources Usage	Consumption of raw materials Biodiversity Impact	Land Usage Water Usage
	Pollution & Toxic Waste	Toxic Emissions Product Packaging & content	Recycling
	Environmental Opportunities	Technology Development Efficient Use of Energy	Exposure to Renewable Energy
Social	Human Capital	Employee Relationship OSH	Development/Education of Staff Supply Chain Labour Standards
	Impact on Society	Product Quality & Safety Controversial Sourcing	Privacy/Data Security Demographics
	Social Opportunities	Social Infrastructure Free Access	Supporting Communities Nutrition/Health
Governance	Corporate Governance	Type of Board & Structure Management Team Quality	Strong Alignment w/ Shareholders
	Corporate Behaviour	Executive Pay Corporate Culture	Corruption Anti-competitive Practices
	Transparency	Quality of Reporting Tax Transparency	

Externally Managed Investments

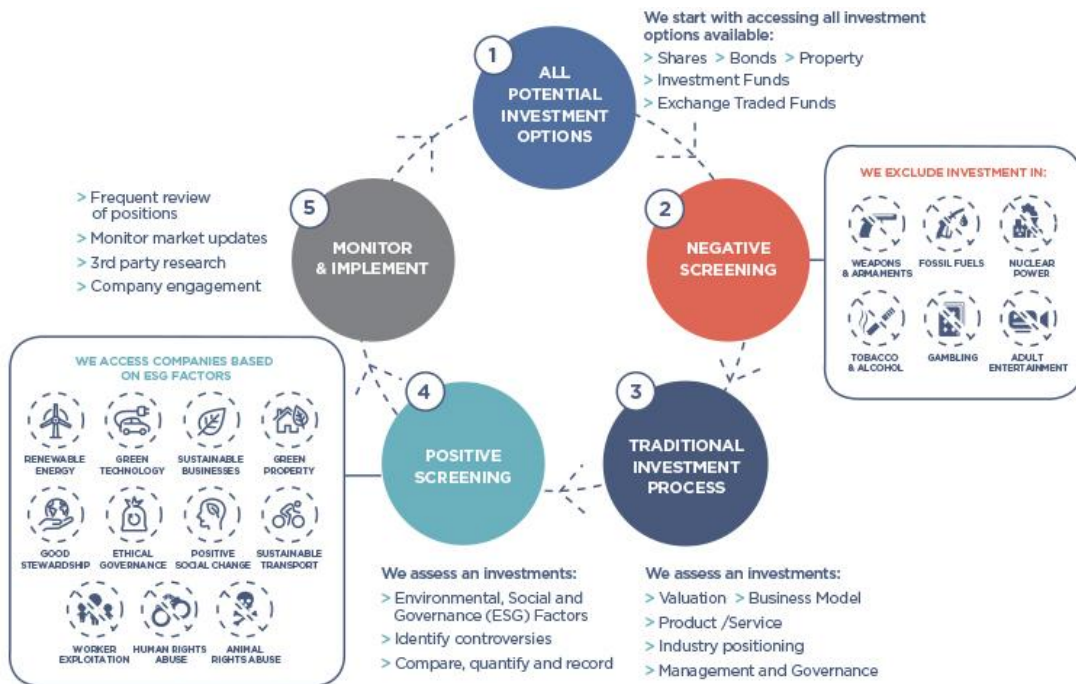
QuayStreet may direct investments, to other external managers or collective investment vehicles (CIV) for reasons such as to attain market exposure at low cost or access unique investment opportunities not available through direct investment.

When considering such an investment, QuayStreet will attempt to achieve Policy alignment between themselves and the external manager or a CIV. QuayStreet understands the definition of SRI is very broad and subjective and therefore full alignment is difficult to achieve. Therefore, QuayStreet will seek to make investments in external managers or a CIV where the majority of their SRI policy or process is deemed to be similar or apply the same principles as this one.

Before directing investment to an external manager or a CIV, QuayStreet will undertake a formal assessment of their SRI Policy, the decision-making approach and underlying holdings and investments. This will be frequently assessed and monitored.

Integration of the Two-Stage SRI Screening Methodology

The integration and execution of the two-stage SRI process is dynamic. New and current investments are tested and continually monitored to conform to the standards and criteria set out in the SRI Policy. The process of how this is applied is shown below.



Active Ownership

QuayStreet recognises it has an opportunity, on behalf of its investors, to influence companies on how they behave, improve transparency, ensure good corporate governance and propose sustainable initiatives.

QuayStreet achieves this through exercising voting rights on behalf of its clients through proxy voting, and directly engaging with companies.

Where it is practical, QuayStreet will analyse corporate actions and will vote in a manner that supports best practice and standards.

In general, QuayStreet will assess the following broad factors when deciding how to vote on behalf of its clients:

- Board members act in the best interest of shareholders or stakeholders.
- The company ensures its behaviour and business practices are lawful and ethical.
- All shareholders have a right to participate in the governance of the company on a fair and equal treatment basis.
- The Board and its committee are structured to act independently from management, separate individuals or entities.
- There are appropriate controls and procedures in place ensuring effective and frequent oversight of company operations.

Engagement

When QuayStreet engages with a company, it usually involves a direct discussion with the Board or the management team in regard to understanding issues or matters concerning the company or advocating for change.

In respect to this Policy, QuayStreet will generally raise issues regarding environmental, social and governance concerns and attempt to achieve a resolution that achieves a positive outcome.

This is usually conducted confidentially in order to encourage trust and openness, thereby increasing the likelihood of a positive outcome. If an appropriate resolution is not achieved in a timely manner, QuayStreet may divest the entire exposure of that company that is in the portfolio.

Organisational and External Participation

QuayStreet may engage and collaborate with credible organisations involved in promoting or influencing responsible and sustainable investment.

Policy Review and Accountability

This Policy is reviewed at least bi-annually or more frequently, if required. Execution and compliance with this policy rests with the QuayStreet Investment Team.

Policy Control Page

Owner (Name, Title, Business)	Andrew South QuayStreet Chief Investment Officer
Entities this Policy is Applicable to:	QuayStreet Asset Management Limited
Approval	QuayStreet Board of Directors
Review Cadence	Every two years
Next Review to be no later than:	October 2023

Review Log

Date	Review Action	Liaison Points
May 2019	Policy created	Stefan Stevanovic
December 2019	Bi annual review	QuayStreet Investment Team
October 2021	Bi annual review	QuayStreet Investment Team