



QUAYSTREET®
ASSET MANAGEMENT

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RESPONSIBLE INVESTMENT POLICY

DECEMBER 2019

EXAMPLE OF ESG SUBJECTS AND CONSIDERATIONS

Below is a list of ESG subjects and considerations QuayStreet may take into account when assessing a company for direct investment. This is not an exhaustive list and may not apply to every company being assessed.

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	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 of 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	Strong Alignment w/ Shareholders
	Corporate Behaviour	Executive Pay Corporate Culture	Corruption Anti-competitive Practices
	Transparency	Quality of Reporting Tax Transparency	

APPROACH TO RESPONSIBLE INVESTING

Each individual QuayStreet Fund is managed in accordance with its respective objectives and constraints as outlined in its Statement of Investment Policy and Objectives (SIPO). Application of RI within a QuayStreet Fund, (or Socially Responsible Investment (SRI) Policy in the case of the QuayStreet Socially Responsible Investment Fund), is such that the Fund will continue to be managed in accordance with its SIPO.

Application and use of ESG considerations is in a manner that provides a deeper understanding of risks and opportunities a company may face. Both ESG risks and opportunities can have an impact on investment performance and can materialise over a short or long-term timeframe. As an active manager, QuayStreet considers ESG analysis of direct investments and monitoring as part of their normal day-to-day investment management duties.

EXCLUSIONS

Consistent with our investment philosophy, QuayStreet may exclude investment in companies that severely affect the environment or society to the extent these risks could also detrimentally affect the performance of the Fund.

When determining exclusion criteria, QuayStreet will consider:

- > New Zealand laws or regulatory prohibitions concerning investment in certain companies or assets.
- > Level of impact that exclusions may have on investment risk and return objectives and overall portfolio construction.

CURRENT SET OF EXCLUSIONS

From the date of this policy, QuayStreet has determined it will exclude direct investment in companies that undertake business operations across the following activities:

- > Manufacturing of tobacco products
- > Manufacture of cluster bombs, landmines, bio-weapons and nuclear weapons.

EXTERNALLY MANAGED INVESTMENTS

QuayStreet may direct investments to other external managers or collective investment vehicles (CIV's) such as Exchange Traded Funds (ETFs). The purpose usually being to attain market exposure in the most cost effective way or to access unique investment opportunities that otherwise may not be available or possible through direct investment.

When investing with an external manager or a CIV, QuayStreet will assess factors such as the

issuer's credentials, investment process and framework, liquidity, fund size, management team, lock in periods, costs and any additional operational or compliance requirements.

QuayStreet will seek to invest in those CIV's that manage in accordance with similar RI principles as applied in this Policy and that also satisfy our assessment factors. Given the subjective nature of what constitutes RI, it may therefore be unavoidable achieving full

RI Policy alignment with the external manager or CIV. As an example there will be times where a CIV may invest in an ETF which may contain an investment that undertakes business activities which we would otherwise prefer not to invest in, but by their nature we are unable to exclude a particular investment from an ETF that tracks an index.

ACTIVE OWNERSHIP

QuayStreet recognises it has an opportunity, on behalf of its investors, to influence companies on how they conduct their business, improve transparency and advocate for good corporate governance.

This is generally achieved through exercising voting rights via corporate action proxy voting. Exercising voting rights on shareholder resolutions is part of our duty to our clients to influence strong economic outcomes and take into account our ESG standards.

In general, QuayStreet will assess the following broad factors when determining 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.
- > Costs and resourcing required in assessing and submitting the vote.

ENGAGEMENT

When QuayStreet engages with a company, it is usually through a direct discussion with the Board or the management team.

In respect to this Policy, QuayStreet may discuss or question the company regarding ESG concerns or risks. Depending on the severity of

the issue or concern, QuayStreet may seek an undertaking from the company to take action and attempt to achieve 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 within an acceptable period, QuayStreet may divest and exit the investment in that company.

ORGANISATIONAL AND EXTERNAL PARTICIPATION

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

POLICY REVIEW & RECORD KEEPING

This Policy is reviewed at a minimum biennially or more frequently. QuayStreet Investment Team maintains a register of all proxy voting.



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QuayStreet Asset Management Limited is the Manager and Issuer of the QuayStreet Funds and the QuayStreet KiwiSaver Scheme.
The QuayStreet Funds Product Disclosure Statement and the QuayStreet KiwiSaver Scheme Product Disclosure Statement
is available at quaystreet.com