

Harbour Investment Funds

Environmental, Social and Governance Policy

21 November 2025

Contents

Contents	2
1. Scope	3
2. Introduction	3
3. Beliefs	3
4. PRI and RIAA:	4
5. Harbour's Responsible Investment Strategies	4
6. ESG Considerations:	5
7. Sustainability Outcomes	6
8. Harbour's ESG score	6
9. Equity Process	7
10. Fixed Interest Process	8
11. External Managers	8
12. Engagement	9
13. Proxy Voting	9
14. Exclusions	9
15. Data	11
16. Reporting	11
17. Harbour is committed to assessing ESG	12
18. Review of policy	12
Appendix One – Fund specific exclusions	13
Appendix One – Fund specific exclusions descriptions	15
Appendix two – Other Information	18

1. Scope

The Environmental, Social and Governance Policy (Policy) applies to Harbour Asset Management Limited's (Harbour, we, us, our) registered and wholesale Managed Investment Schemes.

2. Introduction

Harbour is a client-focused, research-driven, investment manager. Our analysis across both equity and fixed interest markets is dedicated to producing superior investment results.

This document refers to Harbour's investment approach and the integration of Environment, Social, and Governance (ESG) aspects of a company into that process. This Policy is reviewed and updated, at least on an annual basis, reflecting the evolving nature of Harbour's approach and is also subject to Board oversight and approval.

Harbour's approach to ESG considerations is neither a recent, nor a superficial part of the process. As a responsible corporate citizen, and as a signatory to the Principles of Responsible Investing (PRI), Harbour considers relevant ESG risks and opportunities, and we believe our ESG integration strategy strengthens our investment decisions.

3. Beliefs

1. Harbour believes that companies that manage ESG considerations well are more likely to create shareholder value, with a reduced risk profile, compared to those who do not.
2. Harbour believes that strong corporate governance is often correlated with strong company management of environmental and social aspects.
3. Harbour believes that ESG risks and opportunities are increasingly able to be identified and measured for individual companies, and that these risks are often not fully reflected by the market in the security price.
4. Harbour believes that an integrative approach to ESG can lead to stronger investment returns than the screening processes alone.
5. ESG monitoring and assessment is constantly evolving. Harbour believes in engagement on ESG matters and we reserve a divestment option where appropriate for the fund mandate.
6. Harbour's beliefs are based on a balanced understanding of the academic evidence and is consistent with empirical analysis of our own ESG process.

4. PRI and RIAA:

Harbour became a signatory of the PRI in 2010, and we have submitted our investment process on an annual basis for assessment of our ESG integration strategy since 2014. The PRI has recognised Harbour as having a best-in-class ESG approach through multiple years of rating as A+ for overall strategy and governance in their assessment framework. Similarly, Harbour has been recognised by the Responsible Investing Association Australasia (RIAA) for having one of the leading ESG approaches in New Zealand¹.

As a signatory to the PRI, we have committed to adopt and implement the following principles:

1. We will **incorporate** ESG issues into our investment analysis and decision-making processes
2. We will be **active** owners and **incorporate** ESG issues into our ownership policies and practices
3. We will seek appropriate **disclosure** on ESG issues by the entities in which we invest
4. We will provide acceptance and implementation of the Principles within the investment industry
5. We will work together to enhance our effectiveness in implementing the Principles
6. We will **report** on our activities and progress towards implementing the Principles

Harbour is also a member of RIAA and a founding signatory of Aotearoa New Zealand Stewardship Code in order to support the goals of these organisations of seeing more capital being invested responsibly for a healthier economy, society and environment.

To find out more about the PRI, RIAA and Aotearoa New Zealand Stewardship Code, please visit their websites at www.unpri.org, www.responsibleinvestment.org and <https://stewardshipcode.nz>.

5. Harbour's Responsible Investment Strategies

Harbour offers investment funds that primarily apply an ESG integration approach, reflecting our belief that ESG issues influence investment risk and return, and integrating these will strengthen decision making. Additionally, we recognise the importance of investing to drive social and environmental impact and therefore offer an investment solution that targets this specifically; the Harbour Sustainable Impact Fund.

We define ESG integration and impact investing as:

ESG Integration: the systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions.

Impact: investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

¹ <https://www.responsibleinvestment.org/research-and-resources/resource/responsible-investment-benchmark-report-aotearoa-new-zealand-2024>

6. ESG Considerations:

Environment

Environmental considerations, particularly climate change have been a growing part of our ESG process as improving data and scientific research highlights the materiality of these effects on companies over the long term.

Environmental factors can influence company performance through both acute and transitional effects such as write downs in asset values ('stranded' assets), regulatory costs and changes in consumer behaviour.

Our integration process, through our Corporate Behaviour Survey, includes the following environmental issues:

- Carbon emissions disclosure and trend
- Environmental impact and risk management
- Energy use
- Waste
- Climate reporting framework alignment
- Biodiversity

Social

The management of social considerations of a company remains an important focus with employee, supplier and community relations all playing a key role. They emphasise the need to look after human health and welfare through best practice safety systems and human rights processes which is particularly important when assessing companies with operations and/or suppliers in developing countries.

Examples of social issues considered in our process include:

- Occupational health and safety
- Employee relations
- Diversity and inclusion
- Human rights and modern slavery
- Supply chain management
- Community engagement
- Cyber security and data privacy

Governance

Governance issues form a key part of our process reflecting our belief that companies that are well governed tend to result in stronger environmental and social outcomes. Robust governance of companies is important to promote high standards of ethics and conduct that help avoid any lapses in operating/risk management processes and align with stakeholder outcomes. Many different governance factors are captured in our process with some examples below:

- Board composition including skills, independence and diversity
- Executive remuneration and incentives
- Corruption and ethics
- Anti-competitive practices

7. Sustainability Outcomes

Harbour is a strong proponent of investing in companies that deliver positive real-world outcomes such as clean energy, medical advances, and education solutions.

We are supportive of the United Nation's (UN) Sustainable Development Goals (SDGs), a set of 17 goals (and further underlying targets) for governments and businesses to meet by 2030 to improve the wellbeing of people around the world whilst also protecting the planet. Harbour's Sustainable Impact Fund has a dual objective to deliver positive social and environmental impact according to the SDGs whilst still achieving above market rates of return. This involves mapping each investment to a primary SDG, conducting thorough engagement, and tracking their progress over time. More detail on this fund is provided in the investor documents.

Other Harbour Funds are also guided by the SDGs through the alignment of ESG metrics within our primary assessment tool (Corporate Behaviour Survey) as well as utilisation of SDG measurement screening from an external provider (currently ISS ESG).

Please see our [Impact report](#) for examples of these types of investments and the expected impact.

There are numerous important global frameworks in place designed to help deliver positive real-world outcomes for the environment and society that we endorse. On climate change, we support the Paris Agreement and the International Sustainable Standards Board (ISSB) reporting standards to provide targets to limit global warming and a framework to disclose relevant information to meet these targets. Similarly on natural capital we have been supportive of the development of the emerging Taskforce for Nature related Financial Disclosures (TNFD) framework to address biodiversity and ecosystem impacts. Regarding human rights, we advocate for companies to adopt the UN's Guiding Principles on Business and Human Rights to prevent, address and remedy human rights abuses occurring in business operations.

8. Harbour's ESG score

Companies are assessed by Harbour's analysts on their competence in identifying and mitigating ESG risks and opportunities. Each company in our investment universe is allocated a Harbour ESG score based on their ESG competency. ESG scores are generated via one of two processes:

1. For New Zealand Securities, Harbour's analysts complete specific proprietary company Corporate Behaviour Surveys (CBS). Company scores are cross-referenced against an external ESG research provider's ESG recommendation if available, and a final score is produced.
2. For Australian Securities, an external ESG research provider's recommendation is translated into an ESG score.

Harbour's New Zealand Corporate Behaviour Survey (CBS)

Harbour's CBS consists of almost 100 questions and is completed annually. Events such as governance lapses, environmental mismanagement or poor labour relations provide hard evidence of poor corporate behaviour.

Approximately half of the points are weighted towards governance issues, and half towards social and environmental factors. This isn't to downplay Harbour's view of the influence of environmental or social risks on a company's performance but reflects Harbour's view that governance measures

are more easily discernible and measurable. Harbour believes that there is often a correlation between strong governance performance and positive environmental and social outcomes. This view is based on Harbour's experience, and is consistent with academic research, that strong governance checks and balances often lead to more rigorous oversight of company environmental and social policy, and therefore better environmental and social outcomes.

However, the weight of environmental and social issues in the survey has been gradually rising over time as compelling research and better-quality data emerges.

The CBS has proven to be a useful tool in objectively establishing our expectations with companies looking to list on the equity market. It has provided a solid foundation to address the range of ESG issues that senior management may not have considered, especially those early on their sustainability journeys.

Harbour seeks to constructively engage with companies to encourage ongoing improvement in corporate behaviour. The CBS is used as a tool to initiate conversations with management and boards on corporate behaviour standards. The CBS is completed annually, or when (in Harbour's opinion) there is substantial change e.g. a significant controversy for a company.

The CBS is confidential, although we are generally willing to discuss the overall conclusions with stakeholders.

Australian ESG Score

ESG scores for Australian companies are established using external research from a global ESG research provider. MSCI ESG is the current provider. MSCI's Intangible Value Assessment (IVA) describes different ESG factors in company specific research. The MSCI Impact Monitor measures the relevance and impact ESG issues would have on a company, depending on the industry. These scores combined form Harbour's ESG score for Australian securities.

Harbour assesses the effectiveness and quality of the external research provider annually.

9. Equity Process

Harbour uses quantitative screens in its investment process to rank investment opportunities. Harbour's ESG score is included in all Harbour funds active quantitative screens along with other fundamental and quantitative factors in the investment process. All other factors being equal, a higher ESG score results in a better overall security ranking. These rankings are categorised into deciles that are further filtered into a traffic light classification where the top three deciles are the 'green zone' and the bottom three are the 'red zone'. Portfolio Managers will then tend to select and overweight securities in the green zone and avoid/underweight companies in the red zone.

Securities are not excluded solely based on ESG scores. High risk ESG issues within companies, or issues of concern, are discussed between analysts and portfolio managers during the selection process. Companies with poor ESG scores are engaged where appropriate, to encourage the improvement of corporate behaviour.

10. Fixed Interest Process

Harbour's Fixed Interest team utilises both the Harbour CBS and MSCI research, in addition to conducting its own ESG research into unlisted bond issuers. The team uses this research to both engage with companies, and also identify companies whose behaviour may lead to untenable risks. Similar to the equity process, the fixed interest process goes beyond just setting exclusions based on moral judgements on industries and assesses a company's behaviour and conduct relating to ESG considerations, and whether they are on a committed path to improvement.

The team conducts structured, sector-specific meetings to assess each issuer's management practices in the areas of ESG performance. This process leads to a three-tiered classification system where securities are either favoured, neutral or avoided in portfolios. Neutral and avoided issuers are still engaged where appropriate to promote improved behaviour.

11. External Managers

Harbour manages Australasian asset classes in-house. External managers are used for the following funds.

- Global Equities Fund hedged and unhedged (T. Rowe Price)
- Hunter Global Private Equity Fund
- Epoch Global Quality Select Equity Fund hedged and unhedged (TD Epoch)
- Multi-asset class funds, being the Harbour Income Fund, Sustainable Impact Fund, Balanced Growth Fund, Balanced Fund and Growth Fund

External managers, at a minimum, are assessed by Harbour to be aligned with two key principles:

1. Have a firm-wide commitment to improving ESG outcomes for investors. This commitment can be shown through active membership of industry groups (such as being a UN PRI signatory, RIAA or other industry leadership groups) and/or through other ESG firmwide initiatives.
2. Satisfy us during the due diligence process that they meaningfully integrate ESG into their investment decision making process.

On an ongoing basis we also:

1. Undertake independent carbon footprint analysis of external equity managers to measure the carbon intensity of their portfolio relative to the benchmark.
2. Undertake Modern Slavery risk assessments and controversy monitoring to identify potential areas of concern.
3. Engage with their responsible investment team to share our views of best practice and identify areas for improvement.

4. Discuss their Stewardship (engagement and voting) activities in relation to the fund.

Please note that this policy doesn't include the Hunter Global Fixed Interest Fund managed by PIMCO. The approach to ESG and exclusions for this fund can be found in the [Hunter-Investment-Funds-SIPO](#) and on the website [Hunter Global Fixed Interest Fund :: Hunter Investments](#).

12. Engagement

Harbour is an active owner. Where conflicts arise with respect to company strategic direction, remuneration, or other material issues, Harbour aims to work with senior management, the Board of Directors, and other investors to find a satisfactory outcome for stakeholders. Harbour does not concern itself with day-to-day running of the business but focuses on strong shareholder outcomes.

More detail on Harbour's approach to engagement is provided separately in our Stewardship Policy. Examples of our engagements and their outcomes are provided in our annual stewardship summary on our website.

13. Proxy Voting

Harbour votes on all resolutions for both annual meetings and extraordinary meetings. Harbour utilises a third party for external proxy voting research and as of June 2023 this is ISS Proxy Exchange. Harbour analysts that cover the company will evaluate this research along with any other relevant information in coming to a voting decision.

All voting is recorded in both soft and hard copies. A history of Harbour's voting for contentious resolutions such as those against management or ISS recommendations, is provided to Harbour's Investment Committee along with documented rationale to explain the decision. In addition, in those instances where Harbour does not vote in accordance with ISS Services, the reasoning is also documented.

More detail on Harbour's principles and processes in proxy voting are provided separately in our Stewardship Policy.

14. Exclusions

Products

Harbour believes in applying an integrative approach emphasising active ownership through engagement as a better way to influence changes in corporate behaviour rather than only negative screening. However, we have set a baseline standard of responsible behaviour to exclude companies involved in some of the most controversial business activities likely to lead to significant harm in society.

Therefore, for internally managed Harbour Funds, we do not invest in companies that to our knowledge derive any revenue from the below. More detail on the scope of these exclusions is noted later in this document.

- The manufacture of tobacco, nicotine alternatives and tobacco-based products
- The manufacture or testing of nuclear explosive devices (NEDs)
- The manufacture or sale of chemical and biological weapons

- The manufacture or sale of cluster munitions
- The manufacture or sale of anti-personnel mines
- The manufacture or sale of recreational cannabis
- The production of pornography
- The manufacture or sale of civilian automatic and semi-automatic firearms, magazines or parts

ESG Conduct

In addition, Harbour may exclude corporate issuers that exhibit poor conduct through substantial environmental, social, ethical or governance breaches, especially when adequate steps are not taken to address the issue and engagement is ineffective. These breaches are assessed by Harbour using third party information such as media reports, controversy screens, modern slavery scorecards and global frameworks such as the UN Global Compact principles and UN Guiding Principles for Business and Human Rights.

Harbour uses an external data provider MSCI to help assess the severity of controversies, with the 'very severe' and 'UN Global Compact status' flags being the most applicable in the decision-making process. Harbour also uses ISS to assess modern slavery risks across all of the funds it manages.

The relevant portfolio managers use the information above to determine the appropriate course of action.

Scope

Exclusions apply across all internally managed Harbour funds aside from the NZ Index Shares Fund which aims to closely track its benchmark. They do not apply to derivatives/collective investment vehicles (e.g. ETFs, futures, options) which may be held by some Funds according to their investment guidelines. They do not apply to Funds that are managed by external managers, however those external managers are assessed during the appointment process for their alignment with our exclusions policy. These managers are then monitored and consulted where appropriate on a best-efforts basis for any contentious holdings that may result from any differences in policy.

Additional exclusions apply to certain internally managed Harbour funds, schemes and externally managed funds. These are detailed in Appendix One. We also accommodate other ethical values clients hold in tailored solutions through segregated mandates.

Sanctions

All portfolios can be subject to sanction-related exclusions by law. At any time, a fund may be prohibited from investing in certain sovereign or corporate instruments associated with targeted NZ or UN sanctions.

Process

Harbour utilises external data providers (currently Bloomberg, MSCI and ISS ESG) for screening services to ensure the active monitoring and compliance of these exclusions. These services allow us to distinguish between the type of business involvement i.e. manufacturing vs. distribution/sales and determine the revenue exposure. Any issuers identified as breaching the exclusion criteria are raised with Legal, Risk and Compliance and subsequently coded into the Bloomberg compliance system as restricted securities. Alternatively, clients that have exclusion lists as part of their segregated mandates are also coded into the Bloomberg compliance system and monitored accordingly.

Harbour's approach to exclusions is reviewed at least annually by an internal Exclusions Committee

comprising members from the investment teams, client servicing and compliance. These reviews are informed by client feedback, industry research and surveys as well as regulatory requirements.

Breaches

Any instances of non-compliance with our exclusions policy will be remedied by divesting from the securities that validly breach the criteria as soon as reasonably practicable, subject to the best interests of clients. This timeframe may vary, depending on factors such as liquidity and market closures.

15. Data

Harbour acknowledges that the availability of measurable, reliable ESG data is not perfect and is evolving over time.

Where Harbour utilises external ESG data providers for services such as exclusions screening, ESG scores and emissions data we note that there may be gaps in coverage due to a variety of factors. These can include small or newly listed companies that are not under the coverage of the external provider and for cases where there are data gaps, Harbour will exercise its best judgement to determine an appropriate proxy score or ethical involvement that would contravene our exclusions policy. This is based on Harbour analyst's extensive experience researching companies under coverage and we note in practice that data gaps tend to be minor across portfolios and are improving over time.

Where Harbour deems that data coverage is not sufficient to provide an accurate representation, we will refrain from reporting this data.

16. Reporting

Harbour communicates our ESG activities with our clients on a regular basis.

Climate change metrics are incorporated in monthly fund reports across asset classes and cover the portfolio's carbon footprint and/or weighted average carbon intensity. These metrics are chosen to show emissions exposure normalised for capital invested and the revenue of the underlying companies.

Additional portfolio level ESG metrics relating to climate change, diversity, modern slavery, and governance are included in equity fund reports monthly to show disclosure rates and performance across key indicators among investee companies.

Stewardship reports are provided quarterly for equity funds which detail our engagements and proxy voting over the period including aggregate statistics and key voting rationales. In addition, any conferences, presentations and industry involvement relating to ESG are included in the reports. Further information can be provided to clients on request.

A summary of our annual stewardship activities is provided in the sustainability reports on our website to show the outcomes of our active ownership and our progress over each year on our responsible investing objectives.

Other ESG information such as public policy submissions, research articles and fund level implementation can also be found on the Harbour website and/or investor documents.

17. Harbour is committed to assessing ESG

Harbour takes an active role in promoting ESG in the investment community. As well as its active participation in the market, Harbour is a founding member of the New Zealand Corporate Governance Forum, an institutional investor group focused on increasing the standard of corporate governance in the New Zealand markets. Harbour itself actively works to improve the standard of governance in the New Zealand market. Harbour employees participate in domestic and international conferences and forums on ESG issues, and Harbour regularly speaks and publishes research on its views on ESG investment issues.

Harbour believes in the value of ESG and is confident that its ESG process enhances portfolio outcomes for Harbour clients. We welcome any further questions on the subject. Furthermore, our PRI transparency report is available for download from our website.

18. Review of policy

The information provided has been prepared from sources believed to be accurate and complete as at the date of issue, but such information may be subject to change. This Policy will be reviewed annually or more frequently if required, and as such, this Policy is subject to change at any time.

Appendix One – Fund specific exclusions

The table below describes the specific exclusions for the Harbour and Hunter funds. Please see Appendix Two for additional information on the exclusions for the Harbour Sustainable NZ Shares Fund and the Hunter Diversified Private Credit Fund.

Exclusion - see full description in table below	Tobacco and vaping			Controversial weapons	Civilian weapons	Pornography		Whaling	Recreational cannabis	Fossil fuels	Gambling
	Production	Distribution	Services			Production	Distribution				
Single sector Funds											
Harbour NZ Core Fixed Interest Fund											
Harbour NZ Corporate Bond Fund											
Harbour Long Short Fund											
Harbour NZ Index Shares Fund											
Harbour Sustainable NZ Shares Fund*											
Harbour Real Estate Investment Fund											
Harbour Australasian Equity Income Fund											
Harbour Australasian Equity Fund											
Harbour Australasian Equity Focus Fund											
Diversified Funds											
Harbour Enhanced Cash Fund											
Harbour Income Fund											
Harbour Balanced Fund											
Harbour Balanced Growth Fund											
Harbour Growth Fund											
Global Funds											
Harbour Sustainable Impact Fund											
Harbour T. Rowe Price Global Equity Fund											
Harbour T. Rowe Price Global Equity Fund (Hedged)											
Epoch Global Quality Select Equity Fund											

Epoch Global Quality Select Equity (Hedged) Fund	●	◐	◑	●	●	●	◐	●	○	●	◐
Wholesale Funds											
Harbour Wholesale Bond Fund	●	○	○	●	●	●	○	○	●	○	○
Harbour Wholesale Cash Plus Fund	●	○	○	●	●	●	○	○	●	○	○
Hunter Investment Funds											
Hunter Global Private Equity Fund	○	○	○	○	○	○	○	○	○	○	○
Hunter Private Credit Fund	●	○	○	●	●	●	○	○	●	○	○
Hunter Diversified Private Credit Fund*	●	○	○	●	●	●	○	○	●	○	●

*More information on the exclusions for these funds can be found in Appendix Two.

Key	
Exclusions in place	●
Exclusions with revenue threshold	◐
Exclusions in place but not on all underlying funds	◑
No specific exclusions in place	○

Appendix One – Fund specific exclusions descriptions

The table below describes the specific exclusions for the Harbour and Hunter funds. Please see Appendix Two for additional information on the exclusions for the Harbour Sustainable NZ Shares Fund and the Hunter Diversified Private Credit Fund.

Sector heading	Sector	Revenue threshold
Tobacco and vaping	Companies that are involved in the manufacture/production of Tobacco, and tobacco-based products, this includes vaping products.	Nil
	Companies involved in the wholesaling and retailing of Tobacco, and tobacco-based products, this includes vaping products.	10%
	Marketing and promotion of tobacco products, supply of key products necessary for the production of tobacco products, as well as licensing of companies or brand names to tobacco products.	10%
Controversial weapons	Companies with any exposure (production, distribution or services) to controversial weapons (nuclear explosive devices, chemical or biological weapons, cluster munitions, anti-personnel mines).	Nil
Civilian weapons	Companies involved with the production, distribution or services of civilian automatic and semi-automatic firearms, magazines or parts or other assault weapons.	Nil

Pornography	Companies involved in the production of pornography, including X-rated films and sexually explicit video games.	Nil
	Companies involved in the distribution of pornography, including X-rated films and sexually explicit video games.	10%
Whaling	Companies that are involved in hunting whales for commercial purposes, or the processing of whale meat.	Nil
Recreational cannabis	Companies involved in the production, distribution or services manufacture or sale of recreational cannabis.	Nil
Fossil fuels	Companies that have their primary business activities in the following fossil fuel industry classification subsectors: • Integrated Oil and Gas, • Oil: Crude Producers, • Offshore Drilling and Other Services, • Oil Equipment and Services and Coal.	Nil
	Companies that have their primary business activities in the following fossil fuel global industry classification (GICS) sectors: • Oil and Gas Drilling • Oil and Gas Equipment Services • Integrated Oil and Gas, Oil and Gas Exploration and Production • Coal and Consumable Fuels.	Nil

Gambling	Companies that are involved in owning and/or operating gambling establishments (including online gambling).	10%
	Companies that are involved in manufacturing or importing specialised equipment used exclusively for gambling; and/or supporting products and services supplied to gambling operations.	10%
Fossil fuels	Companies that own proved or probable reserves in coal, oil, or gas and derive at least 15% of their revenue from exploration and extraction of coal (applies only to thermal coal), oil, or gas.	15%

Appendix two – Other Information

Harbour Sustainable NZ Shares Fund

In addition to the exclusions in the table above, the following criteria apply to the Sustainable NZ Share fund.

Large carbon emitter threshold:

Total emissions (scope 1, 2 and 3²) exceeding 2.2m tonnes CO₂-e per annum.

This measure provides comparability between companies involved in different industries that emit in different ways. The threshold captures the largest absolute emitters in the investment scope. Where companies materially reduce their emissions below the level, for two consecutive years driven by genuine decarbonisation progress³, they will qualify for inclusion in the portfolio. Conversely, companies that let their emissions rise past the threshold for two consecutive years would subsequently be excluded.

This threshold will be adjusted down each year in accordance with a 1.5°C science aligned pathway using a linear absolute contraction method.

Human rights and child labour:

Investments are screened for compliance with the UN Global Compact standards, UN Guiding Principles for Business and Human Rights and the International Labour Organisation's standards for human rights and child labour. A 'fail' assessment is made where a company is implicated in one or more severe controversy cases under these frameworks that are either ongoing or concluded within the last three years.

Poor ESG conduct:

In addition, Harbour may exclude corporate or sovereign issuers that exhibit poor conduct through a substantial environmental, social, ethical or governance breach where adequate steps are not taken to address the issue. This is to be determined by Harbour's judgement, which may be informed by controversy screens and global frameworks such as the UN Global Compact principles and UN Guiding Principles for Business and Human Rights.

Sector specific exclusions:

0% revenue exposure threshold on manufacture/production of:

- Tobacco, nicotine alternatives and tobacco-based products
- Controversial weapons (nuclear explosive devices, chemical or biological weapons, cluster munitions, anti-personnel mines)
- Military weapons and equipment used for combat purposes⁴
- Civilian automatic and semi-automatic firearms, magazines or parts
- Pornography
- Recreational cannabis
- Alcohol
- Gambling services
- Animal testing – non-pharmaceutical
- Animal welfare – factory farming

² Scope 3 emissions include categories 1-14 depending on each company's defined reporting boundary according to the GHG Protocol. This threshold does not include category 15 (investments) of scope 3 emissions accounting.

³ Excludes extraordinary circumstances such as exogenous shocks (e.g. global pandemic or outlier years of renewable energy availability) or carbon accounting methodology changes.

⁴ As defined by our external data provider ISS ESG which includes barrel weapons, explosives, missiles, bombs, combat vehicles and associated apparatus and gear.

5% revenue threshold on:

- Companies that derive revenue from the extraction of thermal coal

10% revenue exposure threshold on:

- Sales of tobacco, nicotine alternatives and tobacco-based products
- Sale of pornography
- Sale of alcohol
- Companies that derive revenue from the production of palm oil

25% revenue threshold on:

- Companies that derive revenue from the generation of electricity from thermal coal.

Hunter Diversified Private Credit Fund

Specific exclusions:

This Fund excludes direct lending to companies involved in activities covered by Harbour's baseline exclusions and any exclusions outlined in the Active Investor Plus eligibility criteria. At the date of this Policy the Active Investor Plus exclusions are anything which may prejudice New Zealand's reputation.

Businesses with any exposure to the following activities are excluded:

- Relate to the manufacturing of tobacco or other nicotine-based products;
- Relate to gambling, casinos and equivalent enterprises;
- Relate to adult entertainment;
- Relate to the manufacture or sale of recreational cannabis
- Relate to the manufacturing of weapons, including;
 - Military weapons⁵;
 - Controversial weapons (cluster munitions, landmines, biological and chemical weapons, nuclear weapons and depleted uranium);
 - Civilian firearms;
- Involve the use of child labour, forced or compulsory labour, or other human right abuses⁶;
- Promote any form of discrimination based on race, culture, gender, sexual orientation, or other prohibited grounds;
- Are illegal in the country in which the good or service is used or intended to be used; or
- Are likely to have a materially adverse impact on the climate or environment.

⁵ As defined by our external data provider ISS ESG which includes barrel weapons, explosives, missiles, bombs, combat vehicles and associated apparatus and gear

⁶ Investments are screened for compliance with the UN Global Compact standards, UN Guiding Principles for Business and Human Rights and the International Labour Organisation's standards for human rights and child labour. A 'fail' assessment is made where a company is implicated in one or more severe controversy cases under these frameworks that are either ongoing or concluded within the last three years.