



kōura KiwiSaver Scheme

Responsible Investment Policy

Kōura Wealth Limited

2 May 2022



Introduction

Kōura is committed to responsible investing and applies the UN Principles of Responsible Investing.

Kōura will invest in a way that recognises its fiduciary duty to provide the highest returns to its savers but also takes into account the environmental, social and governance (ESG) issues as they affect the companies whose shares and bonds we purchase. As investors, we have a unique ability to influence behaviour by choosing where and how we allocate our capital. Equally importantly, international research shows that returns are at least no worse off and potentially better off after incorporating ESG principles into investment decisions.

Kōura and its investors need to acknowledge that it is a passive investor, and relies on external funds and fund managers. As a result, it may not always be able to adhere to all of its ESG principles. Kōura relies on external providers for funds and for ESG analysis, this creates limitations. The Kōura Investment Committee will review our adherence to our ESG principles at least annually with a view to consistently improving our adherence.

Kōura's ESG principles

1. We will incorporate ESG considerations into all investment decisions

All investment decisions will take into account the ESG impact of those decisions. This will apply to whether we are selecting a fund to invest in (for our international exposures), or alternatively when building our direct passive portfolios.

The Investment Committee will document the ESG outcomes for all investment decisions that are made.

2. At a minimum we will apply an exclusion list that aligns with the NZ Super exclusions list though where possible will look to exceed this list

NZ Super publishes an investments exclusion list at <https://nzsuperfund.nz/how-we-invest-responsible-investment/exclusions>. Where possible, we will apply this exclusions list to our own investments – we will not directly invest in companies who are directly involved in the activities set out in this list. We will also select underlying funds that apply a similar exclusions policy.

As at 1 September 2021, the exclusion list included:

- the manufacture of cluster munitions
- the manufacture or testing of nuclear explosive devices (NEDs)
- the manufacture of anti-personnel mines
- the manufacture of tobacco
- the processing of whale meat
- recreational cannabis, and

- the manufacture of civilian automatic and semi-automatic firearms, magazines or parts.

As at the date of this policy, kōura invests its international funds in the BlackRock Advanced ESG set of funds, their exclusions criteria can be found [here](#).

3. ESG will be a critical factor in selecting the funds that we invest in

Kōura invests its international funds into a range of passive ETF's provided by Blackrock. One of the core reasons for working with Blackrock is the wide range of ESG offerings that it has available. We will choose our international funds that best match our ESG principles

4. We will be active owners and incorporate ESG issues into our ownership policies and practices

Where Kōura owns securities directly or is able to influence the activities of its underlying fund managers, Kōura will:

- Develop and disclose an active ownership policy consistent with the Principles of Responsible Investing;
- Exercise voting rights that aligns with these principles;
- File shareholder resolutions consistent with long-term ESG considerations;
- Engage with companies on ESG issues;
- Participate in collaborative engagement initiatives; and
- Seek appropriate disclosure on ESG issues by the entities in which we invest

5. We will report annually on our effectiveness and performance on our adherence to our ESG principles

Kōura will annually report on its adherence to its ESG principles. Included in this annual report will be considerations such as:

- What decisions have been made (voting, fund decisions, exclusions) to apply with the ESG principles
- What investments has Kōura (or its underlying funds managers) made that fall outside the scope of this policy
- What activity has Kōura completed to further advance the ESG agenda

Kōura Carbon Neutral Crypto Currency Fund

Investing in crypto currencies can involve a significant carbon footprint given the amount of energy (and associated carbon) required to maintain these networks. To ensure the kōura carbon neutral crypto currency fund remains in line with the core ESG principles, we will offset the carbon associated with those funds. Set out below is the process that we will undertake to offset that carbon:

1. Carbon estimates

We will source three individual estimates of carbon utilised by the crypto currencies that we invest in from reputable sources and then use the average of those three estimates. We will attempt to ensure we use sources that have been published as close to when the carbon offsets are purchased as possible.

We will calculate the kōura share of the carbon used by understanding the portion of the total network that the kōura underlying funds have invested in and that will be the total share of carbon that kōura will need to offset.

2. How will we offset the carbon

We have two options

- a. Participate in a globally recognised carbon offset programme
- b. Work with a partner to plant trees to offset carbon.

3. Timing

The carbon offset process will be carried out in April each year following the year end. The amount of carbon will be based on the average holdings over the previous 12 months.

4. Reporting

At the end of April every year, kōura will report to investors on its carbon offsetting process, that report will include:

- The amount of carbon offset
- The source for the carbon estimates
- The method of the offset and details of the offset programme used

Appendix 2 – Active ownership policy

Kōura is a passive investor though still has an active ownership policy. Being a passive investor means that we will not divest a company if it breaches our thresholds, though we

can use engagement and our ability to vote at AGMs to encourage companies to deliver better community outcomes. Key to this approach is that the results of our engagement and voting activities are published and available for everyone to see. K

The current focuses for the kōura active ownership policy are:

1. Gender diversity on Boards
2. Assisting New Zealand meet its climate change obligations

Priority 1 – Board Diversity

Kōura's objective is to ensure Boards have an appropriate level of gender diversity. Therefore we will vote against any Director appointments if there is not a female on the Board.

Priority 2 – Climate change objective

Kōura's would like to ensure that all companies it invests in are aware of their responsibilities to assist New Zealand meet its climate change objectives. We believe that every single company should have a plan in place to reduce its own climate emissions.

Kōura will engage with all of its listed investments to understand how companies are positioned for this and will maintain a public record of the responses received from investors. If responses are completely unsatisfactory, kōura may look to vote against Director nominations at the next AGM.