



Kōura KiwiSaver Scheme

# Responsible Investing Policy

12 September 2019



## 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.

## Core 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. We will apply an exclusion list that aligns with the NZ Super exclusions 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 2 September 2019, 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.

### **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

