

ETHICAL INVESTMENT POLICY

BACKGROUND

Ethics, prudence, and fiduciary duty have always underpinned our investment advice provided to Clients and the foundations of our Group Investment Funds. Trust Management was one of the first New Zealand fund managers to offer an investment fund with ESG screens in place.

Trust Management is a signatory to the Principles for Responsible Investment (PRI). 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

Trust Management believe that consideration of ESG matters when evaluating investment proposals is not only consistent with Trustees fiduciary duties but also provides an opportunity to add value, through risk identification and value creation.

ETHICAL PRINCIPLES

Trust Management have identified two key principles which underline our focus on ESG issues, these are: First do no harm, and all humanity is created equal and should be afforded the same opportunities.

Trust Management identified these ethical principles through research, combined with consultation of key stakeholders, and with reference to our collective ethical foundations and beliefs. The principles were also selected and developed with reference to, and in alignment with, the goals and objectives of the UN Sustainable Development Goals.

Principle	ESG Considerations	UN SDG Alignment
First, do no harm. We have a responsibility to care for our fellow mankind, ourselves and the environment.	Avoidance of harmful products or products with harmful effects such as alcohol, tobacco, armaments, pornography and gambling. Climate change.	3. Good Health and Well-being 12. Responsible Consumption and Production 13. Climate Action 14. Life Below Water 15: Life on Land
All humanity is created equal and should be afforded the same opportunities.	Gender equality. Labour practises, such as slave labour and child labour. Education and poverty.	1. No Poverty 2. Zero hunger. 4: Quality Education 5. Gender equality 6: Clean Water and Sanitation 10: Reduced Inequality

The ethical principles, the ESG considerations and the way in which we implement our approach to ethical investment, may change from time to time, on the basis of further consultation and research.

IMPLEMENTATION

The three main ways in which ESG is incorporated into the investment process are;

- (i). Negative Screens
(i.e. not holding 'sin' stocks).
- (ii). Integration
(i.e. the process of adding a weighting to ESG matters when evaluating investment options).
- (iii). Engagement
(i.e. using influence as a shareholder to raise ESG concerns with the company).

Trust Management incorporates all three practises to its investment process.

Trust Management incorporates negative screens of identified harmful activities to the extent possible for each asset class. Negative screens can be implemented more effectively in some asset classes than others. Where Trust Management does not have the scale or scope to implement negative screens within an asset class, we seek out those investment funds which have an ESG screens as closely aligned as possible, and/or utilise effective integration and engagement.

When evaluating outsourced Fund Managers and Investment Funds, Trust Management incorporates ESG integration into its decision making process, identifying the degree of alignment with our ESG considerations and ethical principles.

Within our Property Fund and New Zealand Bond Fund, we utilise a combination of negative screens and integration when assessing acquisitions and portfolio analytics.

ENGAGEMENT

Trust Management does not have the resources, nor the scale to significantly influence the activities of the companies in which we invest on our own, from an engagement perspective.

Our approach to engagement is to 'lend our voice' to engagement initiatives through a collaboration approach. Trust Management actively seeks out engagement initiatives and engagement partners to create scale and demand to create positive change on ESG matters.

Where we lend our support to engagement initiatives is based upon alignment with our Ethical Principles.

EDUCATION AND PROMOTION

Trust Management believes it has a duty to educate, encourage and promote the benefits of ethical investment. Accordingly, we have developed a number of strategies to interact with our Clients and the charitable sector, including the development of resources for Trustees, holding seminars for charities, and providing other learning opportunities directly or indirectly.

REVIEW AND MONITORING.

On an annual basis Trust Management will formally review its Ethical Investment Policy, including receiving reports providing updates on the considerations which formed the overarching Ethical Principles, evaluation of the effectiveness of the methods of implementation and integration.

Trust Management will also formally review the number of engagements which it has participated in, or considered for support, as well as the degree of effectiveness of those engagements.

Trust Management will also formally review its contribution to the education and promotion of ethical investment within the charitable sector, and consider the outcomes and impacts of its contribution.

Version	1
Approved	Jul 2019
Last Reviewed	-
Next Reviewed	Jul 2020