



LEA 02	Disclosures	Monetary	Principles
<p>By providing investors the most up-to-date and comprehensive information on the environmental, social and governance (ESG) risks and opportunities of the companies in their portfolios, investors can make more informed decisions and contribute to the long-term success of the companies and the global economy.</p>	<p>LEA 02</p>	<p>Monetary</p>	<p>Principles PRI 1, 2, 3</p>
<p>Type of engagement</p> <p>Individual/internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p><input checked="" type="checkbox"/> To support investment decision-making in a company's portfolio</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input checked="" type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p> <p><input type="checkbox"/> To support investment decision-making in a company's portfolio</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p> <p><input type="checkbox"/> To support investment decision-making in a company's portfolio</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments</p> <p><input type="checkbox"/> To engage internal ESG issues</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service provider engagements</p>		

RI TRANSPARENCY REPORT

2014/15

Harbour Asset Management

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	🔒	n/a	✓						
LEI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
LEI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Private		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	🔒	n/a	✓						
FI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
FI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Private	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	✓	Private		✓					

Harbour Asset Management

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

New Zealand

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

13.5

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		1	678	000	000
Currency	NZD				
Assets in USD		1	407	002	526

OO 04.5 Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	0
Fixed income – corporate	10-50%	0
Fixed income – government	10-50%	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0

Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 11	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- None of the above

OO 12	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 12.1

The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed Income - Corporate
- Fixed Income - Government

Closing module

- Closing module

Harbour Asset Management

Reported Information

Public version

Overarching Approach

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

OA 01.1	Indicate if you have a responsible investment policy.
---------	---

- Yes
 No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
---------	--

- Yes
 No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
---------	---

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

As part of our engagement process Harbour recognises there are many factors that influence our analysis, and that environmental, social and governance (ESG) considerations have grown in significance as potential value drivers. As a result we were early signatories of the United Nations Principles for Responsible Investment (UNPRI).

Harbour believes that ESG factors can be a useful barometer of the quality of a company. Companies who manage ESG issues well are more likely to create long term shareholder value, with a reduced risk profile, compared with those companies who do not. Consequently Harbour has integrated ESG factors directly into portfolio analysis. ESG factors are assessed in conjunction with existing comprehensive financial analysis. Our primary ESG tool is our proprietary Corporate Governance Survey, which we augment with external ESG specialists and broker research.

Corporate Governance Survey

As an integral part of our investment process, we undertake an annual Corporate Governance Survey (CGS) of all the New Zealand stocks we invest in, covering all aspects of ESG, plus further analysis of senior management/board practices. We actively engage with management and monitor both absolute and relative ratings within our investment universe. The company's CGS rating is also an important consideration in Harbour's equity proxy voting policy.

While we have actively incorporated our survey into our investment process, we are still analysing its ability to add value on a purely quant basis. To date, we have found it more valuable as a tool to engage with management and as a screen to identify "avoid" situations, as opposed to actively adding alpha to the portfolio. Furthermore, we have not restricted companies from our investment universe solely based on their CGS score; rather we seek to constructively engage with companies to encourage ongoing improvement in CGS practices in the business community.

Harbour is also currently a signatory to the Carbon Disclosure Project (CDP) and the CDP Water Disclosure 2012 Project.

OA 02	Mandatory	Core Assessed	PRI 6
-------	-----------	---------------	-------

OA 02.1 Indicate if your responsible investment policy is publicly available.

Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

<http://www.harbourasset.co.nz/investment-philosophy/>

No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

Yes

No

OA 03

Mandatory

Core Assessed

PRI 1,2

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04

Mandatory

Core Assessed

General

OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

Below are several excerpts from our Compliance policy specifically regarding managing conflicts of interest:

Conflicts of Interest

Either avoid any conflict of interest arising, or where conflicts arise, should ensure fair treatment to all clients by disclosure, internal rules of confidentiality, declining to act, or otherwise. HAML must not unfairly place its interests above those of clients and, where a properly informed client would reasonably expect that HAML would place the client's interests above its own, HAML must live up to that expectation.

3. PERSONAL ACCOUNT TRADING POLICY

3.1 Appropriateness of Personal Account Trading

Employees may only undertake personal investment activities that do not:

- Breach applicable laws, rules or regulations;
- Misuse or create the appearance of a misuse of confidential or material non-public (i.e. "inside") information;
- Distract from their employment responsibilities; and
- Create an unacceptable risk to the reputation of HAML.

Transactions must also be free from real or apparent business and ethical conflicts of interest.

6.1 Introduction - What is a Conflict of Interest?

In general terms, conflict of interest can be defined as any situation in which an individual or corporation has competing professional or personal interests (and therefore may be in a position to potentially exploit a professional capacity in some way for their personal or corporate benefit). Such competing interests may make it difficult for an individual or corporation to fulfil their duties impartially. The existence of a conflict of interest may not, in and of itself, be illegal, breach of rules nor be evidence of improper actions or wrongdoing. In fact, for many professionals, it is virtually impossible to avoid having conflicts of interest from time to time. A conflict of interest can exist even if no unethical or improper acts results from it.

In the context of the securities industry, conflicts of interest arise where an employees' interests or activities and/or those of a participant may be contrary to those of a client, or where the participant's interests or activities in relation to one client may be contrary to the interests of another client. This "conflict of roles" can be mitigated by various means including without limitation, where appropriate, generic and/or specific disclosures, written consent from all affected clients, third party evaluation, waiver by clients and declining to act.

6.2 Summary of Law

Securities law and the Fair Trading Act prohibit conduct that is misleading, dishonest or deceptive. The Fair Trading Act imposes criminal liability for misleading or deceptive conduct, false representation (of products, services and performance), failure to communicate clearly and unethical sales practices. Steps to ensure compliance with applicable provisions include the making of appropriate disclosure of conflict of interest.

Securities law sets out the requirements for disclosure by issuers.

6.3 Written Policy Statement

6.3.1 HAML policies and procedures that are designed to assist the Firm and employees identify and manage actual and potential conflicts of interest or the appearance of conflicts of interest, are set out in this Policy Statement and sections 6.4 to 6.9 below. The Firm provides employees with training and, where applicable, continuing education in relation to policy and conflict management procedures.

6.3.2 Employees are required to make every effort to avoid situations and conflicts that may compromise (or give the appearance that they may compromise) their ability to faithfully carry out their responsibilities to HAML or to its clients.

6.3.3 To ensure that all conflict of interest questions are referred to, considered and addressed / resolved at the appropriate level within the Firm, employees are required to immediately disclose and report any actual or potential conflicts of interest (that are not otherwise mitigated or managed by the Firm's Conflict Management Procedures) to the Managing Director (or that person's designate) and the Compliance Officer. Such disclosure can be made verbally or in writing.

6.3.4 Some potential conflicts of interest may have a serious potential impact on clients or be perceived to have a negative impact that there may be no adequate means for the Firm to manage the conflict other than by declining to act. Such action will be at the determination of the Managing Director and Head of Compliance, with Compliance making the ruling. When deciding to refrain from acting relevant factors taken into account include the specific nature of the potential conflict, whether or not it can be mitigated by other means, whether the client would not otherwise be treated fairly, applicable legal, regulatory and fiduciary obligations, appearance of conflict issues and damage to reputation.

23

6.3.5 Compliance monitors the application of the Firm's policy and the Conflict Management Procedures. The Firm also has systems that facilitate the required (generic and, where applicable, specific) disclosures in marketing material agreements and other terms of business and other applicable material and situations of the interests and activities of the Firm which may appear to represent a conflict of interest.

6.3.6 Compliance and the Managing Director of HAML will, taking a holistic view of conflict of interest risk

and conflict mitigation and management within the business activities conducted by HAML, and taking account of the nature and the underlying risks of the Firm's activities and the requirements of the Conflict Management Policy, at appropriate intervals, review the types of actual and potential conflicts it encounters and modify policy (and any actions required) where necessary to ensure that conflicts are adequately managed and disclosed to clients.

6.3.7 HAML's disciplinary procedures will apply in the case of breaches of the policies and procedures outlined herein. Failure by employees to adhere to these may result in a range of possible sanctions, up to and including termination of employment.

6.4 Fundamental Principle of Conflict of Interest Management

Section 2 of the Compliance Manual sets out the key principles that must be followed by employees and HAML. In regards to conflict of interests, the principle is restated below:

Conflicts of Interest

Either avoid any conflict of interest arising, or where conflicts arise, should ensure fair treatment to all clients by disclosure, internal rules of confidentiality, declining to act, or otherwise. HAML must not unfairly place its interests above those of clients and, where a properly informed client would reasonably expect that HAML would place the client's interests above its own, HAML must live up to that expectation.

6.5 ASSET MANAGEMENT CONFLICTS

Asset management activities can give rise to various potential conflicts of interest. HAML therefore has adopted policies and procedures to avoid such conflicts and to safeguard the interests of the Firm's clients. Examples of potential conflicts of interest and the policies and procedures the Firm has adopted are below. Employees must exercise diligence with the issues outlined here. You must consult Compliance for guidance whenever you are in doubt.

6.5.1 Best Execution

HAML must take all reasonable steps to execute client orders on the best available terms, taking into account the relevant market at the time of the transactions of the kind and size concerned and the characteristics of the execution venues to which the order can be directed. Of fundamental importance, HAML is not tied to First NZ Capital as an execution venue and must deal with a range of different execution venues to obtain on a consistent basis the best possible result for the execution of client transactions. The specific requirements on best execution are set out in Section 5.6 ("Best Execution") of the Compliance Manual.

6.5.2 Timely Execution

A delay in arranging execution of a client transaction may also be viewed as a potential conflict of interest. Once HAML decides, in its discretion, to effect or arrange a client transaction, it must effect or arrange execution of the transaction as soon as reasonably practicable in the circumstances. Section 5.7 ("Timely Execution") of the Compliance Manual refers.

6.5.3 Aggregating Orders and Fair Allocation

HAML policy is that, in addition with complying with applicable rules, such aggregations must only occur when and if they are in the overall best interests of clients. The specific conduct requirements are set out in Section 5.8 ("Aggregating Orders and Fair Allocation") of the Compliance Manual.

24

6.5.4 Participation in IPOs, Secondary Offers and Non-public Offers - Fair Allocation

Where HAML participates in an IPO, secondary offering or non-public offer on behalf of clients, it must ensure that stock is allocated on a fair and equitable basis amongst clients. The specific conduct requirements are set out in Section 5.9 ("Participation in IPOs, Secondary Offers and Non-public Offers - Fair Allocation") of the Compliance Manual.

6.5.5 Allocations in Transactions where First NZ Capital is acting

All proposed allocations to HAML for allocation by HAML clients must be pre-approved by the Head of Compliance in all situations where First NZ Capital has a management or lead syndicate role in a transaction. No allocation can be made without this approval.

The Managing Director of HAML must inform the Head of Compliance in advance the level of any potential or actual interest that HAML may have in such transactions.

This requirement must be followed to address conflict of interest uphold the integrity of allocations.

Section 5.10 of the Compliance Manual also refers.

6.5.6 Pre- Allocation

A delay in allocating executed trades and other transactions may be viewed as a potential conflict of interest and may give rise to accusation that advantage has been taken in allocating trades to assign profitable trades / transactions to favored clients and/or employees and leave unprofitable transactions for other clients. Such action may be illegal and is strictly prohibited by HAML policy. The specific conduct requirements are set out in Section 5.11 ("Timely Allocation") of the Compliance Manual. Also refer to the limitations and controls in regard to employee trading, as set out in Section 6.8.4 below.

6.5.7 Transactions with First NZ Capital as a Connected Person

HAML must not undertake a transaction on behalf of clients with First NZ Capital unless such transaction is carried out on an arm's length terms, consistent with best execution standards, and at a commission rate no higher than customary institutional rates. The further specific conduct requirements are set out in Section 5.12 ("Transactions with First NZ Capital as a Connected Person") of the Compliance Manual.

6.5.8 Cross Trades

Cross trades may be viewed as involving a potential conflict of interest and may give rise to accusation that advantage has been given to one client over another. The specific conduct requirements to ensure that this does not occur are set out in Section 5.13 ("Cross Trades") of the Compliance Manual.

6.5.9 Soft Commission

HAML must not accept any inducement in connection with its activities which conflict with duties owed to clients. It follows that HAML must not accept goods or services in addition to the execution of orders (placed under client mandate terms) unless HAML has reasonable grounds to be satisfied that the goods or services received in exchange for dealing commission (i) are related to the execution of trades on behalf of HAML clients or (ii) comprise the provision of economic and investment research (that is capable of adding value to investment decisions, involves analysis or manipulation of data to reach meaningful conclusions, and represents original thought and assessment by the author), and (iii) will reasonably assist HAML in the provision of its services to clients on whose behalf the orders are being executed and do not, and are not likely to, impair HAML's duty to act in the best interests of its clients.

All proposed arrangements whereby HAML is to receive benefits under a soft commission arrangement must be pre-approved by the Compliance Officer. Where approved, only permitted goods and services will be received.

25

Further specific conduct requirements are set out in Section 5.18 ("Soft Commission") of the Compliance Manual.

6.5.10 Confidentiality

HAML policy is to respect the confidentiality concerns and interests of clients and counterparties. In addition to the general requirements set out in Section 7.1 ("Confidential Information") of the Compliance Manual, some specific points to note include:

- Do not place orders with brokers just to learn the name of a counterparty so that you can conclude a deal directly with that counterparty;
- Do not disclose or discuss any confidential information relating to specific transactions, except to those parties directly involved in a transaction; and
- Do not put pressure on brokers to give you information which they should not.

No

OA 04.3	Additional information. [Optional]
----------------	------------------------------------

The ESG factors feeds directly into our quant process and are an integral component of the score derived for every stock in our investable universe. However, we do not run an exclusion policy and therefore a "bad" ESG score can be overridden by other factors. As we noted earlier we use our Corporate Governance Survey to encourage corporates to adopt best practice but again there is no exclusion list per sa. The decision for investment is at the discretion of the respective portfolio manager.

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
--------------	------------------	------------------------------	----------------

OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
----------------	--

Yes

OA 05.2	Indicate how frequently your organisation sets or revises objectives for responsible investment.
----------------	--

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
 - Biannually
 - Annually
 - Every two years or less
 - It is not reviewed
- No

OA 05.4

Additional information. [Optional]

The Corporate Governance Survey must be completed annually (more often if there is a specific company event) for all the stocks in our New Zealand stock universe, and the third party data updated monthly for our Australian universe. The data is examined annually to ensure consistency and accuracy and ensure it remains relevant.

In addition all correspondence with companies on RI initiatives are collected and reported to the Board and those clients who request the service on a quarterly basis.

Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

OA 08.2 Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

0

OA 08.3 Additional information. [Optional]

We are a small organisation (13 staff) and RI is an integral part of our investment process. as such all investment professionals are directly involved in its implementation. The Board is provided updates on a quarterly basis, but oversight stops with our CEO, who is also our senior portfolio manager.

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
NZ Corporate Governance Group - Chaired by NZ Superannuation Fund

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Informal body that is establishing a framework for corporate governance standards in New Zealand. Attend quarterly meetings, contribute on the make-up of any potential CG standards, and maintain an ongoing dialogue with other participants about CG best practice in New Zealand. Harbour is a foudnign member of this institutional forum in New Zealand, an active participant in discussion and development of a Corporate Governance Code of Conduct framework.

- Other collaborative organisation/initiative, specify
Institute of Financial Advisors - RI Briefing

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Attending and promoting Harbour's RI philosophy to financial planners.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

- No

OA 11.3

Additional information. [Optional]

As noted earlier, we actively engage with company management as part of our Corporate Governance Survey to encourage adoption of best practice with regards to RI and also seek to achieve this through our voting both at an individual and collaborative level.

Harbour Asset Management

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
--------	-----------	-----------------------	-------

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; background-color: #0072bc;"></td> <td style="width: 50%; text-align: center;">%</td> </tr> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: center;">100</td> </tr> </table>		%		100
	%				
	100				

- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Total actively managed listed equities

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

As one of our quantitative investment components, we believe that ESG factors are undoubtedly important, and while we do see potential long term gains from companies with strong ESG, we would prefer to engage with companies exhibiting investment potential and weak ESG and an ongoing dialogue, rather than use a screening process to immediately exclude them from our investment universe. Thus, we consider an integrative, engagement ESG strategy is the most appropriate for Harbour.

(C) Implementation: Integration of ESG issues

LEI 11	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

LEI 11.1

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 11.2

Additional information. [Optional]

Our corporate governance survey reviews ESG issues for each investable company on an annual basis.

Communication

LEI 18

Mandatory

Core Assessed

PRI 2,6

LEI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

We disclose it publicly

Provide URL

<http://www.harbourasset.co.nz/investment-philosophy/>

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- No
- We disclose it to clients and/or beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries

Harbour Asset Management

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Engagement

Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3
--------	-----------	---------	-----------

LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
----------	---

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
----------	---

☉ Yes

LEA 03.2

Describe how you identify and prioritise engagements.

- It is policy to engage with Management on an annual basis using the corporate governance survey as a template for discussion for all NZ stocks covered.

- In the instances where our proxy voting provider and/or the analyst disagrees with company resolutions, it is policy to directly communication with management and/or board members.

No

LEA 04**Mandatory****Core Assessed****PRI 2****LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

Yes

Yes, for all engagement activities

Yes, for the majority of engagement activities

Yes, for a minority of engagement activities

No

LEA 04.2

Indicate if you monitor the actions that companies take following your engagements.

Yes

Yes, in all cases

Yes, in the majority of cases

Yes, in the minority of cases

LEA 04.3

Describe how you monitor and evaluate the progress of your engagement activities.

In most instances where we have actively lifted engagement beyond talking with management, it normally involves communicating with the Board. We monitor their response to our correspondence, and their subsequent behaviour.

No

Process for engagements conducted via collaborations**LEA 05****Mandatory****Core Assessed****PRI 2****LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

Yes

LEA 05.2

Describe how you identify and prioritise collaborative engagements.

New Zealand is a small universe, with c.50 investable stocks, and 8 institutional investors. On any contentious issues, we either initiate or are collaborated into any corporate action being undertaken by any NZ institution.

No

LEA 06**Mandatory****Core Assessed****PRI 2****LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
- Yes, for all collaborative engagement activities
 - Yes, for the majority of collaborative engagement activities
 - Yes, for a minority of collaborative engagement activities
- No

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
- Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases

LEA 06.3

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

Collaborative engagement in the NZ market is relatively rare and is normally associated with clear objectives. Hence the process is monitored and evaluated due to its importance.

No

General processes for all three groups of engagers**LEA 10****Mandatory****Gateway/Core Assessed****PRI 2****LEA 10.1**

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

Communication

LEA 15

Mandatory

Core Assessed

PRI 2,6

LEA 15.1

Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only

LEA 15.5

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

LEA 15.6

Indicate how frequently you typically report engagements information

- Disclosed continuously (prior and post engagements)
- Disclosed quarterly
- Disclosed annually
- Disclosed every two years or less
- Other, specify
- We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

Process

LEA 17	Mandatory	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
----------	---

Approach

- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

LEA 21	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
----------	---

- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 21.2	Additional information. [Optional]
----------	------------------------------------

Where-ever possible we communicate with the company prior to voting if there is any voting against resolutions.

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 22.1 For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

We do track or collect this information

Votes cast (to the nearest 1%)

%

100

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
 - of the total number of company meetings at which you could have voted
 - of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
---------------	------------------	----------------------	----------------

LEA 26.1 Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly
- We disclose it to clients/beneficiaries only

LEA 26.5 Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.6

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
 - Continuously (soon after votes are cast)
 - Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

Harbour Asset Management

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed fixed income

Fixed Income - Corporate

Implementation processes


FI 04	Mandatory	Gateway/Core Assessed	PRI 1
-------	-----------	-----------------------	-------

FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	 100
---	---

- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

Last year we classified our strategy as screening. On further thought, we believe it is more accurately described as an integration strategy given the highly judgmental nature. We assess companies' ESG risks and will not invest in companies that we are uncomfortable with. This could be called a screen because we do not try to subjectively quantify the potential costs of the risks, however, we view it as an integration strategy because we have had to conduct research and to arrive at that decision - we have not just simply used an external screening metric. Given the asymmetric payoff inherent in fixed interest securities, we err on the side of caution with companies facing significant ESG risks rather than looking for the price upside. We have done more work this year in exploring and documenting the ESG issues facing our universe of issuers.

(C) Implementation: Integration of ESG factors

FI 11	Mandatory	Core Assessed	PRI 1
-------	-----------	---------------	-------

FI 11.1 Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Fixed income - Government

FI 13	Mandatory	Core Assessed	PRI 1
-------	-----------	---------------	-------

FI 13.1 Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

Yes

FI 13.2 Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- <10%
- 10-50%
- 51-90%
- >90%

FI 13.3 Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

We believe New Zealand is a robust democracy with a strong governance framework in place to guide government and local government's behaviours. To determine whether the government and local governments are complying we annually review the summary report of the Controller and Auditor-General's audits of all Government entities. This document highlights any material issues.

No

Communication

FI 18

Mandatory

Core Assessed

PRI 2,6

FI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- We disclose it publicly
- We disclose it to clients/beneficiaries only

FI 18.5

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

FI 18.6

Indicate how frequently you typically report this information.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

Our website includes a very broad statement on our ESG approach, otherwise we respond to clients however frequently and in whatever detail required.

- We do not proactively disclose it to the public and/or clients/beneficiaries

FI 18.7

Additional information. [Optional]

Our website includes a very broad statement on our ESG approach, otherwise we respond to clients however frequently and in whatever detail required, usually this is when we are being reviewed as an asset manager.