

Responsible Investment Policy

Quayside Holdings and Subsidiaries

Version	Adopted	Effective From	Reason for Change
Version 1	Adopted by Board 25 July 2012	25 July 2012	New Policy
Version 2	Adopted by Board 14 April 2015	14 April 2015	Review of existing policy. Addition of Private Equity considerations. Removal of broader definitions of Responsible Investing.
Version 3	Adopted by Board 7 June 2017	7 June 2017	Reviewed of existing policy. Addition of Monitoring in Action section

Responsible Investment Policy

Background

Quayside

Quayside manages a diversified portfolio that includes real assets, equities (direct and indirect), fixed interest, private equity (direct and indirect). This represents a combination of strategic investments and financial investment assets,

Quaysides view on responsible investment is noted in its Statement of Investment Policy and Objectives (SIPO). The SIPO Reads:

Responsible Investment

“Quayside will invest in a manner that is complementary to the policies and objectives of the Bay of Plenty Regional Council.”

Quaysides view on responsible governance is inherent and implied through the rest of the SIPO.

Council

Council manages a domestic Fixed Interest portfolio. Council has its own considerations for Responsible Investments.

Quayside by implication would therefore not invest into anything that isn't complementary to Council policy.

Responsible Investment

Responsible investment is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance factors, and of the long-term sustainability and stability of the market as a whole.

Principles for Responsible Investing for Quayside

Statement: Quayside Holdings Limited has adopted principles of Responsible Investing. Quayside demonstrates these principles through investment selection, governance, continued improvement, and adherence to industry standards.

Principle	How demonstrated	Quayside Status against Principles
1. Investments analysis and decision making demonstrates Responsible Investing	<p>Investment research demonstrates companies have</p> <ul style="list-style-type: none"> • Sustainable returns • Good governance • Social awareness <p>Investments not part of Excluded Investment list.</p>	<p>Investment decisions are based on research both by external agencies and internal review.</p> <p>Board defined Excluded Investment list criteria.</p>
2. Corporate Governance demonstrates commitment to Responsible Investing.	<p>Policies and practices exist and are monitored and maintained to an Industry Standard.</p>	<p>Investments are made in accordance with the Group Statement of Investment Policies and Objectives (SIPO).</p> <p>SIPO is a live document with regular review.</p> <p>Management reporting against SIPO is part of every Board meeting.</p>
3. Existing Investments are continuously monitored and encouraged to demonstrate Responsible Investment	<p>Investments are periodically reviewed against Principle 1.</p> <p>Corporate Events (including proxy voting) demonstrate proactive Responsible Investment focus.</p>	<p>Investments are performance reviewed within existing taxation parameters.</p> <p>Corporate events requiring management consideration are considered in light of Responsible Investment principles by both Quayside and its custodial providers.</p>
4. Investment partners are assessed against Responsible Investing principles	<p>Assessment of any Investment Partner (e.g. advisers, custodians) acceptance and demonstration of Responsible</p>	<p>Service Providers: Investment Partners demonstrate appropriate responsible investment skills and or internal policies.</p>

	Investment principles through review and or RFP processes.	<p>Investment Managers: Third party investment managers are reviewed for their skills in achieving sustainable returns, good governance, and social awareness. No single investment of more than 5% of a portfolio into which Quayside invests shall be on the excluded investment list.</p> <p>Private Equity: Private equity and venture fund managers are reviewed for their skills in achieving sustainable returns, good governance, and social awareness. Investment criteria will be aligned with Quayside, specifically around the excluded investment list.</p> <p>Direct Investments: Investments are assessed as part of due diligence for their ability to achieving sustainable returns, good governance, and social awareness. Product offerings will be aligned with Quayside, specifically around the excluded investment list.</p>
5. Demonstrate awareness of changes in Industry as it relates to Responsible Investment	<p>Monitor industry changes to Responsible Investing principles.</p> <p>Monitor and update Excluded Investments list upon change in legislation or Council policies.</p>	<p>Management to monitor media on significant changes in Responsible Investing.</p> <p>Management to monitor changes in legislation, Council policy changes, and changes in like organisations and recommend to the Board any changes to the Excluded Investments list.</p>
6. Disclosure must demonstrate adherence and changes to any Responsible Investing principles.	Regularly monitor Investment policies and investment assets against principles and appropriately report to stakeholders.	Report adherence to policy when considering new investments and changes to Excluded Investment List.

Excluded Investments list for Quayside

An investment shall be deemed excluded where:

1. A primary activity of the company prevents BOPRC achieving its regional responsibilities
2. A primary activity of the company contravenes NZ law,
3. A primary activity of the company is contrary to International conventions to which NZ is a signatory,
4. A primary activity of the company is contrary to significant NZ government policy.

Specifically excluded industries for direct investment include where a business's primary activity is in the

- manufacture of armaments
- manufacture of tobacco

Where an investment is made into a managed fund, exchange traded fund, or collective investment vehicle the exclusion test shall be applied against the fund and any constituents representing greater than 5% of that fund.

Monitoring in Action

Investments are assessed against this policy at the time of initial investment.

Existing investments are to be reviewed where they demonstrate a failing to meet standards previously identified or those standards change.

Where an investment no longer meet the Quayside interpretation of this policy than Quayside will look to work with the investment / investment entity where it has an ability to influence change. Where this is not practical Quayside may look to dispose of such assets.