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# SOCIALLY RESPONSIBLE INVESTMENT POLICY

## PUNAKAIKI FUND LIMITED

7 August 2018

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### 1. INTRODUCTION

- 1.1. Punakaiki Fund Limited (“PFL”) is an investor in high-growth New Zealand based companies. It is structured as a New Zealand Limited Company and has contracted Lance Wiggs Capital Management (“the Manager”) to source and manage its investments.
- 1.2. PFL’s primary objective is to deliver shareholders significant returns over the medium to long term.<sup>1</sup> Investing for a longer time horizon requires a wide range of risks (both financial and non-financial) to be considered, which include Environmental, Social and Governance (“ESG”) risks.
- 1.3. PFL considers that investing in a socially responsible way and considering ESG risks will help to deliver these returns to shareholders. It will also benefit society at large.

### 2. POLICY

- 2.1. There are a multitude of approaches to Socially Responsible Investment, and PFL uses a combination of such approaches alongside its traditional investment methodology in the delivery of its investment objectives, including:
  - **Exclusion** – negative screening is a front-end filter designed to avoid investment in any sector or industry which causes significant harm to people or the environment (see Section 4 for PFL’s current exclusions); and
  - **Engagement** – through the close relationships the Manager maintains with portfolio companies, PFL uses ownership leverage to encourage founders and management to consider ESG risks.
- 2.2. As a managed fund, PFL holds investments on behalf of a diverse group of individual investors, each of whom have their own set of personal values. Satisfying all investors’ personal values through one investment policy is an

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<sup>1</sup> See the [Statement of Investment Principles and Objectives](#) for more details on PFL’s investment objectives.

impossible task. PFL considers it important to listen to and engage with its investor base and retain the flexibility to adapt its investment process if required.

### 3. ROLES AND RESPONSIBILITIES

3.1. The **Punakaiki Fund Board of Directors** is responsible for:

- Ensuring the appropriate implementation of this policy by the Manager throughout their evaluation and ongoing management of potential investment opportunities.

3.2. The **Manager** is responsible for:

- Applying the various approaches outlined above when evaluating and managing potential investments.
- Monitoring and encouraging the consideration of ESG risks by portfolio companies.

### 4. EXCLUSIONS

4.1. Unanimous PFL Board approval is required before PFL can invest in any business or enterprise which derives 10% or more of its revenue from its activities in any of the following listed industries:

- adult entertainment;
- gambling;
- alcohol;
- tobacco;
- controversial weapons; or
- fossil fuel extraction and/or sales of fossil fuel with low ESG scores.

4.2. The PFL Board will keep these listed industries under review and may consider adding additional industries, products or services for exclusion at any time.

4.3. The PFL Board will explicitly consider the directness of the link between an excluded industry and each of its portfolio companies to ensure integrity between the intent of this policy and PFL's actions.

4.4. In the event an existing PFL investment changes such that:

- the threshold in clause 4.1 is triggered;
- the directness of the link with an excluded industry becomes of concern; or
- any other circumstance which causes the existing PFL investment to be inconsistent with PFL's Statement of Investment Principles and Objectives;

the PFL Board shall determine the appropriate course of action with due consideration to the intent of this policy, and the effect of such course of action on the value of the PFL portfolio and on the value of the existing PFL investment.