**Our Responsible Investing Policy**

Our Responsible Investing Policy is built around three key principles.

**1. We limit our exposure to fossil fuels, weapons and tobacco industries.

Fossil Fuels (thermal coal, liquid fuel and natural gas)**

We exclude any company that derives 10% or more of their revenue from:

* the exploration, extraction, refining or processing of fossil fuels;
* engaging in all three fields of petroleum production: extraction (upstream), transportation (midstream), and refining and marketing (downstream);
* the supply of equipment and services to oil and gas exploration;
* fossil fuel-based power generation.

**Weapons**

We exclude any company that derives any revenue from the manufacture or sale of controversial weapons such as cluster munitions, antipersonnel mines or nuclear explosive devices.

We exclude any company that derive 10% or more of their revenue from weapons systems, component and support systems and services and weapons.

We exclude any company that derive more than 10% of their revenue from production and distribution of firearms or small arms ammunition intended for civilian use.

**Tobacco**

We exclude any company that derives any revenue from the manufacture of tobacco.

We exclude any company that derives 10% or more of their revenue from the sale of tobacco.

**2. We assess the environmental, social and governance (ESG) practices of companies before investing in them.**

ESG practices are at the heart of our decision making when considering an investment in a company. This means we will take into account ESG issues all the way through the investment process including the research, analysis, and selection of investments. Factors considered in the investment process include:

|  |  |  |
| --- | --- | --- |
| Environmental | Social | Governance |
| * Renewable energy sources
* Natural resource preservation
* Air emission and air quality
* Water use and conservation
 | * Workforce exploitation
* Consumer privacy
* Employment of minorities and women
* Income inequality
 | * Board Independence
* Executive compensation
* Voting rights
* Board diversity
 |

Across our Funds we invest in more than 800 companies and use an international expert, MSCI, to assess the ESG practices of each company.

Within the responsible investing mandate of our international equities, we're choosing to only buy shares in companies that are leaders in their industries with their ESG practices. Also, we don't consider companies that are involved in serious controversies – irrespective of how good their ESG practices are.

You can see what this approach means for the 10 largest investments in the mandate [here](https://www.mas.co.nz/documents/611/MAS_international_equities_top_10_holdings_and_commentary_-_31_March_22_-_Final.pdf).

**3. As a shareholder, we believe in active ownership and voting at company meetings.**

We employ Institutional Shareholder Services (ISS) who are world's leading provider of corporate governance and responsible investment solutions to vote on our behalf at company meetings. This means we can play an active role in encouraging strong ESG practices.

You can find the ISS's latest voting reporting [here](https://www.mas.co.nz/documents/364/ISS_Board_Statistics_Report_2020_for_the_MAS_KiwiSaver_Plan_and_MAS_Retirement_cCFbDFd.pdf).

**Our policy in practice**

1

**Lower carbon footprint**

The carbon footprint of the MAS KiwiSaver Scheme is almost half of the NZ market average.\*

2

**Investing for a greener future**

The MAS KiwiSaver Scheme invests 79% more into clean technology than the global market average.\*\*

3

**Inspiring healthier NZ communities**

We established and fund the MAS Foundation, tackling health inequity in NZ communities.

**Our Responsible Investment Credentials**

We participate with global leaders in responsible investment to ensure our Funds are assessed against the highest standards of responsible investing.



Responsible Investment Association Australasia (RIAA)

All our funds are certified by RIAA under the [Responsible Investment Certification Program](https://responsibleinvestment.org/ri-certification/) (Program), which is the leading initiative for distinguishing quality responsible, ethical and impact investment products and services in Australia and New Zealand.

RIAA's Program is the world's first certification program for providers of responsible investment products and services. Developed extensive industry consultation, the Responsible Investment Certification Program was driven by investors requests for help in making informed choices regarding investment opportunities that take into account environmental, social, ethical and governance considerations as well as financial returns.

Created in partnership with the NSW Department of Environment and Conservation (DEC) and the Victorian Government, the Certification Program aims to promote consistent, standardised disclosure and education about responsible investment.



Principles for Responsible Investment (PRI)

We are a signatory to the [Principles for Responsible Investment (PRI).](https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment)

PRI is a framework supported by the United Nations and sets out six principles in which signatories will incorporate ESG issues into their investment decisions and practices. As a PRI signatory, we are required to report publicly on our responsible investment activities each year. In our latest report we are proud of having an overall A rating as assessed by PRI.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

You can find the PRI’s latest transparency report on MAS [here](https://www.mas.co.nz/documents/365/2020_Assessment_Report_for_Medical_Assurance_Society_New_Zealand.pdf).



Mindful Money

Well-known charity, [Mindful Money](https://mindfulmoney.nz/) has awarded all 14 MAS KiwiSaver Scheme and Retirement Savings Scheme funds with 'Mindful' status.

This endorsement demonstrates how MAS are living up to our purpose of inspiring a healthier Aotearoa by helping you avoid harm, influence positive change, and make an impact through your investment or KiwiSaver account.

The RIAA Certification Symbol signifies that a product or service offers an investment style that takes into account certain environmental, social, governance or ethical considerations. The symbol also signifies that the MAS KiwiSaver Scheme and MAS Retirement Savings Scheme adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Superfund option. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association of Australasia (RIAA). Detailed information about RIAA, the Symbol and the MAS KiwiSaver Scheme and MAS Retirement Savings Scheme methodology and performance can be found at [www.responsiblereturns.com.au](https://www.responsiblereturns.com.au/), together with details about other responsible investment products certified by RIAA1

1The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

\* Compares the carbon footprint of equities in the MAS KiwiSaver Scheme to the S&P/NZX 50 Index which has a carbon footprint of 70.3 tonnes of CO2e/US$ million invested as at 31/03/22. A $NZ/$US exchange rate of 0.70 was used for this calculation.

\*\* According to MSCI, clean technology solutions are defined as companies that derive >20% of revenue from clean technology solutions including alternative energy, energy efficiency, green building, pollution prevention, or sustainable water. Equities within the MAS KiwiSaver Scheme are compared to the MSCI All Country World Index as at 31/03/22.

Medical Funds Management Limited is the manager and issuer of investments in the MAS KiwiSaver Scheme and the MAS Retirement Savings Scheme (the Schemes). Copies of the Product Disclosure Statements (PDS) for each Scheme are available [here](https://www.mas.co.nz/documents/372/MAS_KiwiSaver_Scheme_Product_Disclosure_Statement_23_June_2021_b7dc7c0.pdf) and [here](https://www.mas.co.nz/documents/369/MAS_Retirement_Savings_Scheme_Product_Disclosure_Statement_23_June_2021_E0CD277.pdf). If you would like to talk to a MAS adviser, phone 0800 800 627 or email info@mas.co.nz.