

Responsible investment is a broad-based approach to investing which factors in people, society and the environment, along with financial performance and risks when making and managing investments.

Overview:

The Acorn Foundation (the Foundation) expects that its Investment advisor will:

- Incorporate assessment of company ESG risks and opportunities into the investment process;
- Make recommendations to divest from investments where, in the opinion of the manager, material ESG issues or breaches arise and/or persist;
- Outline their approaches, and report activity at least annually, regarding:
 - Voting of shares held on Acorn's behalf;
 - Engagement activity and outcomes. This is expected to outline how the manager seeks to influence investee companies' practices with the aim of preserving or enhancing long-term value, and managing ESG risks and opportunities, on behalf of the Foundation;
 - Measurement and management of GHG (global greenhouse gas) emissions in the Foundation's portfolio, as an indicator of climate change integration.

Exclusion policies:

The Acorn Foundation (the Foundation) expects that its Investment advisor will:

- Exclude investments that practice:
 - Human Rights abuses;
 - Modern slavery and labour rights abuses;
 - Animal cruelty.
- Exclude investments in companies exposed to:
 - The manufacture and sale of armaments;
 - The manufacture of tobacco and e-cigarettes;
 - The sale of tobacco and e-cigarettes;¹
 - Pornography;
 - Thermal coal mining and power generation, oil sands extraction, and Arctic oil and gas production;²
 - Gambling.

1 Subject to a threshold of 10% of revenue. The use of similar thresholds is common practice in Responsible Investment. In this case, this threshold is designed to allow investment in supermarkets and other diversified retailers.

2 Subject to a threshold of 5% of revenue. The use of similar thresholds is common practice in Responsible Investment. In this case, this threshold is designed to allow investment in companies with very modest legacy assets in these areas and noting that some such companies may have appropriate broader ESG credentials.

- Exclude investments that do not act in accordance with NZ and international law, or which act in opposition to International Conventions in which New Zealand is a signatory;
- Exclude investments that are listed on the 'Exclusions list' of the NZ Superannuation Fund, available [here](#);³
- Report any investments in companies that are listed on best practice international exclusion lists as specified by the IAC (Investment Advisory Committee) over time.

These criteria will also apply for any investments made directly by the Foundation.

Application:

In considering ESG factors, the Foundation expects that the companies that it invests in will operate in ways that, at a minimum, will meet their fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption as defined by the Ten Principles of the United Nations Global Compact:

The Foundation recognises that there are some practical considerations in applying this policy, including:

- Investments in managed funds, including Exchange Traded Funds, may occur where it is not possible to match a product offer with the Foundation's exclusion list. In this case, funds should be sought that most closely align with Acorn's responsible investment policy.
- It may not always be possible to identify organisations that are operating in the exclusion areas.

Acorn Foundation commits to formally review this Responsible Investment Policy with its investment manager(s) on at least a two-yearly basis in conjunction with the review of the Foundation's Statement of Investment Policy and Objectives.



³ <https://nzsuperfund.nz/how-we-invest/sustainable-finance/exclusions/>

This includes companies with specified exposure to tobacco, certain weapons, tobacco manufacture, whale meat, and recreational cannabis. Link accessed 6 August 2024.