



# **RESPONSIBLE INVESTMENT POLICY**

**20 DECEMBER 2024**

## Clarity Responsible Investment Policy

December 2024

### We seek to invest your capital responsibly

Whilst it is not the primary objective of any Clarity Fund, Clarity believes that environmental, social and governance (ESG) factors are an important determinant of long-term investment returns and global sustainability. As a responsible investor and as part of our fiduciary duty, Clarity considers these factors in our investment research and management process and when selecting external managers of our funds.

Furthermore, there are a small number of companies worldwide who are directly involved in activities Clarity believes most clients would prefer not to support with their capital. In this policy we refer to these activities as Norms-based 'exclusions'.

A full list of funds in scope of this policy is detailed in Table 1.

### We approach responsible investing from a number of different angles

#### 1. ESG integration into our internal investment process

Clarity use MSCI ESG research and may supplement this with their own research to understand all relevant long-term ESG risks associated with the companies we invest in or are researching.

#### 2. Norms-based Exclusions

For the Clarity Global Shares Fund, MFS has been appointed as the external manager of the fund and instructed to exclude a list of companies who are directly involved with the activities listed below:

- the manufacture or testing of controversial weapons (cluster munitions, anti-personnel mines, chemical weapons, nuclear explosive devices, civilian automatic and semi-automatic firearms)
- the manufacture of tobacco
- the processing of whale meat
- the production and/or distribution of cannabis for recreational use

**Monitoring:** The list of excluded companies follows norms-based industry exclusions and may change from time to time. MFS has systems in place to monitor ongoing compliance with the exclusions. When a new company is added, or an existing company is removed, MFS will update the portfolio accordingly as soon as practicable.

**Investment in Australasian securities:** Where a Clarity Fund invests into New Zealand and/or Australian securities, these are typically not directly involved with any of the excluded activities listed above.

**Investment in underlying funds:** Where a Clarity Fund invests into an underlying fund, Clarity is one of many pooled investors. The underlying fund managers each have their own approach to responsible investment, which typically includes applying norms-based exclusions. Clarity performs due diligence on external managers, including consideration of their responsible investment approach before investing, but they cannot direct the underlying fund manager to include or exclude any securities.

#### **Important Information**

**Investors should be aware that where a Clarity fund invests into an underlying fund, Clarity do not manage the underlying fund and have no control over the investment process. Monitoring of underlying manager exclusions is the responsibility of the underlying manager. If there is an exclusion-related breach by the underlying manager, Clarity will not replace the underlying fund, on the basis that the Clarity Funds primary objectives are not ESG related. If the breach is material and adversely affects investors the underlying fund manager will inform investors.**

See **Table 1** for more information on each underlying fund managers responsible investment approach.

### **3. Company engagement and proxy voting**

Direct engagement with companies (meetings, calls or written communication) is an important part of Clarity's investment process, and a key element of our approach to responsible investment. This engagement can provide us with insights into a company's responsible investment issues. We may use this forum to raise a particular issue with company management, or escalate the matter to the board of directors, as appropriate.

We are advocates for robust corporate governance structures, shareholder rights, and transparency. Clarity undertakes to vote proxies on behalf of clients where we believe a particular proposal or director nominee could influence the long-term value of our investment.

### **4. Clarity's own efforts**

Reflecting the standards that we look for in the companies we invest in, Clarity (as part of the Investment Services Group) has gained a Toitū Enviromark Gold certification that recognises we are taking a planned approach to managing the environmental impacts of our own business activities.

### **We make sure our approach has the support of our directors and stays up to date**

This Policy has been approved by the Clarity Board, formally adopted by the Clarity Investment Committee and is reviewed by a senior manager at least annually, or when change occurs.

**Table 1:** Showing each fund, its method of investment and where to locate more information on the Responsible Investment approach:

<b>Fund Name</b>	<b>Method of Investment</b>	<b>More Information</b>
Clarity Fixed Income Fund	Directly into New Zealand & Australian cash and fixed interest	Referred to collectively as ' <b>Clarity Funds</b> ' and covered by this Policy
Clarity Dividend Yield Fund	Directly into New Zealand & Australian companies	
Clarity Trans-Tasman Value Fund	Directly into New Zealand & Australian companies	
Clarity New Zealand Equity Fund	Directly into New Zealand & Australian companies	
Clarity Diversified Income Fund	Directly into other Clarity Funds	
Clarity Diversified Growth Fund	Directly into other Clarity Funds	
Clarity Global Shares Fund	Directly into Australasian & International companies. Externally managed by MFS International Australia Pty Ltd under a mandate.	
Clarity Capital New Perspective Fund	Underlying fund <b>Refer to the Capital Group ESG Policy Statement</b>	<a href="https://www.capitalgroup.com/content/dam/cgc/tenants/eacg/esg/files/esg-policy-statement(en).pdf">https://www.capitalgroup.com/content/dam/cgc/tenants/eacg/esg/files/esg-policy-statement(en).pdf</a>
Enhanced Cash PIE	Underlying fund <b>Refer to the Nikko Asset Management Fiduciary ESG Principles</b>	<a href="https://www.nikkoam.co.nz/sustainability/fiduciary-esg-principles">https://www.nikkoam.co.nz/sustainability/fiduciary-esg-principles</a>
Daintree Core Income PIE	Underlying fund <b>Refer to the Daintree Capital ESG Policy</b>	<a href="https://daintreecapital.com.au/wp-content/uploads/2021/06/Daintree-Capital-ESG-Policy.pdf">https://daintreecapital.com.au/wp-content/uploads/2021/06/Daintree-Capital-ESG-Policy.pdf</a>