

WEDGE

Responsible Investment Policy

Wedge Management Limited

3 June 2026

1. Purpose

Wedge Management Limited (**Wedge**, the **company**, **our**, **us**, or **we**) is a fund manager driven by the desire to help lift the wealth and wellbeing of New Zealanders.

Investing our members savings, on their behalf, comes with great responsibility. One of these responsibilities is to avoid investing in assets that aid harmful activities while supporting those that contribute positively to society.

2. Scope

This Responsible Investment Policy (**policy**) details our approach to investing responsibly.

It explains how we incorporate responsible investment considerations; weigh environmental, social and governance (**ESG**) factors; and integrate our values into the analysis we undertake and the investment decisions we make.

3. Application

This policy applies to all Wedge employees, including permanent, temporary, and fixed-term employees as well as contractors.

4. Responsibility and accountability

The Chief Investment Officer is responsible for maintaining this policy and our Sustainable Investment Strategy, (**SIS**) including the setting the strategy's key performance indicators (**KPIs**).

The investment team is responsible for the implementation of both this policy and the SIS, including management of our Exclusion and Grey Lists.

The Investment Committee oversees implementation and is responsible for the measurement, monitoring and reporting of our ESG performance to the Board of Directors (**Board**).

The Risk & Compliance Committee is responsible for maintaining this policy and the company's adherence to it.

The Board provides oversight of our responsible investment practices.

5. Objectives

- Protect and grow our members' capital by thoroughly integrating material ESG risks into our investment decisions.
- Promote a fairer, more sustainable world for future generations by actively engaging with portfolio entities when necessary and maintaining a clear exclusion framework.

6. Our Approach

6.1 Commitments

Wedge maintains a simple and straightforward approach to responsible investing.

- We will incorporate ESG considerations into our investment process.

Consideration is given to the ESG factors set out in this policy when making investment decisions. As part of the fundamental research we undertake on our portfolio holdings, this forms an integral part of our investment process.

- We will actively engage portfolio entities to improve their practices when necessary. Our responsibility to act in the best interests of our members. This extends to engaging with portfolio entities about their practices when they do not align with our values and beliefs.
- We are committed to the core principles of responsible investment. Wedge is guided by the United Nations Principles of Responsible Investment – allowing strong alignment between our funds’ investment objectives and our commitment to responsible investment practices.

6.2 ESG integration

Wedge is both a fiduciary of our member’s savings and a willing steward of Planet Earth.

To help us fulfil this dual role, the Wedge investment team will consider various environmental, social and governance factors throughout their investment process.

ESG considerations will be weighed during the initial screening for investment opportunities, while conducting investment research, and when making final portfolio decisions.

Wedge does not follow a quantitative ESG scoring system, for several reasons:

- In our experience, ESG scoring systems often rely on self-reported data which is often incomplete and inconsistent across companies, industries and countries (potentially exposing the user to falling foul of greenwashing by the prospective investment entities).
- Scoring may not capture the extent to which an entity is undergoing meaningful ESG improvements.
- Many ESG factors, especially social and governance, are qualitative and subjective.

Instead, Wedge uses a fundamental investment research approach that incorporates ESG factors as part of its broader investment process - preferring to engage with entities directly on ESG-related issues rather than making decisions purely based on ESG scores.

To support this qualitative analysis while managing the limitations of external data, the Wedge investment team complements its internal research with data from independent third-party sources. To effectively manage third-party involvement, the investment team independently may review, cross-check, or verify data generated by external providers prior to making investment decisions.

Wedge considers a range of ESG factors when analysing investments. These include:

- **Environmental**
Climate change (exposure to transitional and physical risks, regulation adoption / alignment, trajectory), carbon emissions and environmental footprint (decarbonisation strategy, waste / pollution footprint), resource usage (energy / water / land, deforestation, mining etc), and ‘greenwashing’.
- **Social**
Human rights, human capital development, labour standards (working conditions, modern slavery, child labour), health and safety, employee relations (gender diversity, pay equity, talent retention, corporate culture and inclusion), animal welfare, supply chain management, lending practices, data privacy, data protection, cyber security, litigation.
- **Governance**

Quality of management/board, corporate structure, executive remuneration, board diversity and tenure, political affiliation / lobbying practices, bribery and corruption, risk management practices (anti-money laundering, financial crime and cyber security).

By considering these factors, Wedge aims to minimise both the ESG risks that can affect the financial performance of our portfolio entities as well as the negative impact that these factors may have on the broader economy, our society, and environment.

Should an entity in which we have invested, or propose to invest, demonstrate unfavourable ESG qualities or if we believe that there are material inadequacies or controversies associated with the entity, the Wedge investment team will explore several options.

6.3 Engagement

At Wedge, we believe that actions speak louder than words.

As a professional investor we believe our influence can positively impact the behaviour of our portfolio entities.

This is not only the right thing to do, but empirical evidence has shown that investments in those with ESG awareness and sustainable practices can be more resilient and produce more consistent financial results.

Wedge believes that engagement is a change process where responsible investors should actively seek to improve company practices. Because engagement not only benefits that entity but leads to better financial and societal outcomes.

As part of our fundamental research process, Wedge will look to engage with the owners and management of our investments to build a detailed understanding of their business, including any ESG factors relevant to that entity. Our 'north star' in these interactions is our values and our belief of what constitutes an ethical and responsible investment.

Our interactions will be carried out across various channels including, but not limited to, public or private meetings, engagement surveys / questionnaires, emails or letters, and collaborative investor engagement.

Results and progress on engagement actions will be documented in investment reports and, when relevant, shared with internal and external stakeholders. Our interactions will also be regularly shared amongst our team to improve the diversity of thought across Wedge.

Should our engagement with a portfolio entity result in an unsatisfactory outcome(s), Wedge may choose to divest and/or exclude that entity from our investible universe (through placing the entity on our Investment Exclusion List).

6.3.1 Divestment

The decision to divest and/or exclude an entity from our investible universe is highly contextual. It is for this reason; Wedge does not prescribe an exact timeframe in which a divestment or exclusion must occur.

6.4 Investment Exclusion and Grey List

The Wedge investment team will first look to engage with entities (held or prospective investments) on ESG-related matters before taking more extreme action.

There are always two sides to a story and our decades of investment experience have provided numerous examples of entities not fully understanding or appreciating the significance of their ESG responsibilities.

Investing responsibly is a privilege and helping lift the knowledge and awareness of ESG-related matters across all industries is critical to both building resilient investment portfolios and a fairer, more sustainable world for future generations.

6.4.1 Exclusions

There are, however, some entities, industries, and countries Wedge will not invest in. These are documented in our Investment Exclusion and Grey List. This includes, but is not limited to, the following industries:

- **Weapons**
Entities involved in the development, manufacturing, production or sale of controversial weapons such as cluster munitions, nuclear explosive devices, anti-personnel landmines, chemical and biological weapons.
- **Fossil Fuels**
Entities whose core business includes the ownership of coal, oil or gas reserves, the exploration and extraction of fossil fuels, upstream oil and gas activities.
- **Tobacco**
Entities that are involved in the manufacture of tobacco or tobacco related products.
- **Gambling**
Entities whose core business includes the provision of gambling services or the operating of gambling establishments as well as those firms involved primarily in the manufacture and development of specialised gambling software / hardware.
- **Whaling and whale meat processing**
Any entity involved in whaling practices or the processing of whale meat products.

To provide absolute clarity to investors, Wedge applies two distinct revenue thresholds to these excluded activities:

Zero-Tolerance Threshold (0% revenue)

For activities entirely incompatible with our core values - specifically weapons, tobacco, and whaling and whale meat processing - the revenue threshold is zero. Any direct corporate involvement results in an immediate exclusion.

Materiality Threshold (50% revenue)

For broader commercial sectors where a transition or specific service model may apply - specifically fossil fuels and gambling – Wedge defines "core business" as an entity deriving more than 50% of its last reported revenue from these activities.

Indirect investments

Wedge will not strictly, without exception, exclude entities or investments that are indirectly providing secondary services or products to firms involved in the excluded activities. For example, a commercial bank providing standard corporate lending to a diversified retailer that happens to sell tobacco products. However, where indirect exposure heavily finances or directly facilitates the expansion of a zero-tolerance activity, the Investment Committee will assess the entity for potential exclusion.

Wedge will not invest in any entity or sovereign which exhibits highly objectionable behaviour relating to human rights/environmental abuses or unacceptable corporate behaviour. Such exclusion decisions will be made by the Investment Committee.

6.4.2 Grey List

Wedge also maintains a Grey List. This list includes entities, industries, or countries which possess controversial characteristics that require close, ongoing monitoring. These are not immediately excluded from investment.

To ensure objectivity and prevent "greenhushing" or hidden exposures, an entity on the Grey List will be formally investigated by the Investment Committee for potential escalation to the Investment Exclusion List if it meets any of the following objective triggers:

- A material, public escalation or structural shift in its revenue towards an excluded activity.
- The launch of a formal, independent regulatory investigation into systemic environmental, human rights, or governance breaches.
- A persistent failure or refusal by the entity's management to engage with the Wedge investment team or provide transparent data regarding their sustainability practices within a reasonable timeframe.

The current Investment Exclusion and Grey List is available on our [website](#).

6.4.3 Service Providers

Wedge uses Bloomberg data to facilitate our analysis and reporting. This includes information used to compile our Investment Exclusion and Grey List and portfolio analysis tools.

7. Governance & Assurance

7.1 Performance

An important element of our commitment to transparency and accountability is the regular measurement of our performance against this policy's objectives and the KPIs set out in our SIS.

Areas in which the Investment Committee measure our performance include ESG integration, engagement, and compliance.

7.1.1 Reporting

The Investment Committee will report its findings to the Board each quarter.

7.2 Monitoring

To manage the risk of non-compliance to this policy and to ensure Wedge is fulfilling its commitments to members, the Wedge investment team will undertake the following monitoring:

7.2.1 Monthly

- Audit our portfolios to ensure no investment has been inadvertently held in an excluded entity.

7.2.2 Quarterly

- Screen for newly identified entities within excluded industries and update our Investment Exclusion List as required.
- Evaluate the appropriateness of holding an investment in any entity that may be developing characteristics that are either subjectively or objectively questionable.

7.3 Breaches

7.3.1 Divestment

Where an investment has been inadvertently held in an excluded entity, divestment is required within ten (10) business days from the time the breach was discovered.

7.3.2 Reporting

Should a breach be considered to have a material impact on a member(s), Wedge will notify those impacted and advise its supervisor. If required, Wedge will promptly provide a remediation plan.

Any recurring breaches are escalated to the Board.

7.3.3 Response

All breaches must be recorded in the Responsible Investment Breach Register. The details recorded will include the nature of the breach, its root cause, and the resolution.

The Responsible Investment Breach Register is reviewed at each Risk & Compliance Committee meeting. This may lead to process and/or control improvements including staff training, service provider reviews, and internal process modifications.

8. Implementation

This policy and the approach set out within will be implemented by the Wedge investment team and overseen by the Investment Committee.

The Investment Committee meets quarterly, or as required, to address ESG-related matters including the inclusion or removal of entities from either the Investment Exclusion List or the Investment Grey List.

The Risk & Compliance Committee meets quarterly, or as required, to address any compliance or adherence matters relating to this policy.

9. Review

This policy will be reviewed annually, or as required, to ensure its relevance and appropriateness in supporting our SIS and delivering on the policies objectives.