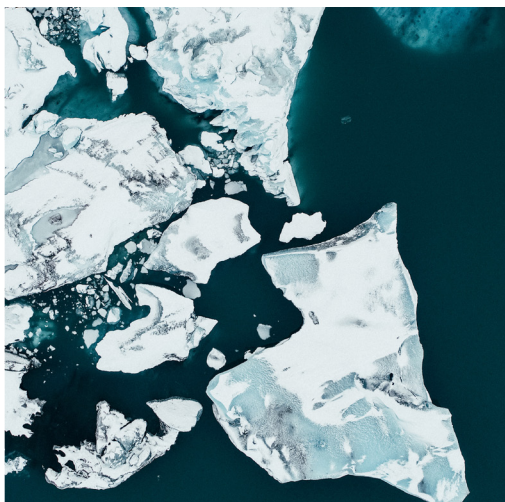




IMPACT REPORT

Reporting Period
1/12/21 - 30/06/22



THE HIGHLIGHTS

The Harbour Sustainable Impact Fund is Invested in 132 Issuers in 23 Countries

7

are renewable energy generators producing over **600 terawatt hours** of energy a year (enough to power New Zealand for 15 years)

4

of these are in the electric vehicle business avoiding nearly **9 billion tonnes** of CO₂e emissions

6

are producing mission critical infrastructure and products that is being utilised by 11 of our Issuers

5

are focused on reducing waste products recycling over **10 million tonnes** of waste in the process

5

are working to increase water efficiency saving over **20 billion litres** of water last year

9

are improving energy efficiency with their products avoiding **22 million tonnes** of CO₂e emissions in 2021

11

are focused on increasing responsible consumption mitigating over **11.6 million tonnes** of CO₂e emissions

18

are doing leading pharmaceutical and biotechnology research spending a collective **USD 100 billion** on R&D in 2021

2

are in the education sector one enabling increased access to university education around the world and the other enabling mothers to re-enter the workforce or education

20

are making improving financial inclusion their mission lending over **USD 200 billion** to Micro & SMEs

Note: measurements are based on each entities' most recent annual reporting period.

Our Collective Challenge

The United Nation's Population Division has forecast the world's population to exceed 11 billion inhabitants before the turn of the century, and while forecasts can often be taken with a pinch of salt, this Division of the UN has an enviable track-record when it comes to forecasting accuracy. The biosphere is unlikely to sustain this frighteningly large population burden under current economic systems. The International Energy Agency's modeling indicates that if we achieve reductions consistent with current policy settings the planet will still experience a 2.6°C temperature rise by 2100.¹ Scientists think the current extinction rate of species could be up to 1000 times higher than the rate prevailing before humanity,² and many scientists fear a tipping point.

Humanity must adjust to an economic model with lower resource intensity. For this model to be supported by its citizenry, to be sustainable, it must do so while providing increasing health, economic and justice outcomes for all inhabitants.

We all know these challenges.

Investing for Impact

At Harbour we believe a solely exclusionary approach, whereby some sectors are barred from investment, is not sufficient. The challenges described above cannot be solved by allocating away from companies, but rather by allocating towards change makers. It is with this belief that the **Harbour Sustainable Impact Fund** (the Fund) was born.

The United Nation's Sustainable Development Goals (SDGs) provide a set of priorities to deliver a more prosperous, sustainable future. The Fund defines an investment as impactful if contributing to at least one SDG, and specifically references the more tangible sub-goals.

History teaches us that the greatest financial rewards accumulate to companies that deliver highly valued solutions to challenges. The SDGs outline some of the greatest challenges facing humanity and we believe the companies that aim to address these issues will not just deliver environmental or social value, but also generate significant financial value.

Harbour's Inaugural Impact Report

This Report is broken into three sections. The first section introduces the team and explains Harbour's approach, the next section provides details on investments.

To achieve a balance between report length and disclosure we provide aggregate measures as well as summary information for all companies alongside a selection of more comprehensive examples. Examples were chosen for their variety to showcase the breadth of the impact achieved. As a note on dates, all data presented is for a company's most recent reporting period and Fund level data as at 30 June 2022.

Section three demonstrates how we act as stewards of capital; how we as owners can help shape impact outcomes.

We welcome investor feedback and engagement.

1. [IEA \(2021\), World Energy Outlook 2021, IEA, Paris](#)

2. Pimm, S.Raven, P.Peterson, A.Şekercioğlu, Ç.H. & Ehrlich, P. R. (2006). [Human impacts on the rates of recent, present, and future bird extinctions](#). Proceedings of the National Academy of Sciences, 103(29), 10941-10946.

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OUR APPROACH TO IMPACT INVESTING

Team



Left to right: Lewis, Øyvinn and Simon

The Fund harnesses the skills of Harbour's entire team. Chris Di Leva and Simon Pannett lead the Fund's Portfolio Management team and take responsibility for investment and impact outcomes. They are joined by investment analysts from across Harbour, especially Øyvinn Rimer, Lewis Fowler and Jorge Waayman. Full bios, including academic credentials can be found [here](#).



Chris Di Leva: Chris is the ultimate decision-maker regarding the asset class composition of the Fund. Chris leads Harbour's multi-asset business. Chris has contributed to the Special Olympics for more than a decade, including as the athletics team's head coach at national and international tournaments.



Simon Pannett: Simon manages the fixed interest sleeve within the Fund. Simon has been at Harbour for nine years and is the Senior Credit Analyst within Harbour's fixed income team. Simon chairs Harbour's internal sustainability committee, the Harbour Footprint Committee. In his spare time, Simon and his wife focus on sourcing their food in an ethical and environmentally friendly manner. This involves everything from shopping local to fishing and hunting their own meat.



Øyvinn Rimer: Øyvinn manages the equity sleeve within the Fund. Øyvinn is a founder of Harbour and a Senior Research Analyst. Øyvinn was an early EV adopter and has in the last 12 months saved an estimated 3,500kg CO₂ opting for electrons over fossils. With his wife and son, Øyvinn's family is in the process of planting a mix of native and exotic trees on a rural block of land with the plan of creating a more natural ecosystem.



Lewis Fowler: Lewis provides broad support to the team particularly in risk management, evaluation of third-party managers and implementation as well as facilitating the Impact Committee. Lewis is an Investment Analyst within the multi-asset team. Lewis favours pedal power over car journeys where possible and has begun volunteering for a local trail building organisation.



Jorge Waayman: Jorge manages Harbour's Environmental, Social, Governance (ESG) programme. In this role Jorge is dedicated to expanding knowledge in this growing field. He brings this knowledge to bear within the Fund advising on impact theses. Jorge is passionate about increasing the standard of ESG disclosure in NZ and commits a significant portion of his time to industry collaboration groups working on projects such as the Stewardship Code and how the industry can implement Task Force on Climate-Related Financial Disclosures requirements.

Impact Investing Philosophy

The Fund subscribes to the Global Impact Investing Network's (GIIN) definition of impact investing:

Investments made with the intention to generate positive, measurable social and/or environmental impact alongside a financial return.

Greenwashing stains the credentials of responsible investing. In part impact investing is a response to this as it goes beyond responsible investing in its aims and requires measurement and disclosure to protect its integrity. While there is no universal definition of impact investing, several key concepts span most definitions:

- Measurement & disclosure
- Engagement
- Avoiding harm
- Incremental benefit (additionality)

Impact Measurement

Impact measurement provides a proof-point to combat greenwashing.

We acknowledge that this validation is important. Data availability and quality also make it challenging. Ideally, each impact thesis would be supported by a metric demonstrating impact: the output. This could be, for example, number of lives saved. However, often these data points are not available, and we must substitute for measuring an input. Using the same example, this may be number of ventilators sold. Some investors argue that for holdings to be included you must be able to measure the output. In our view that would be ideal, however, some of the most impactful companies operate in a space where their output is difficult to measure, perhaps because they are young and innovative and are yet to establish fully-fledged measurement systems. We strive to be driven by true impact, so we don't pass on opportunities just because the data falls short. Instead, we use other avenues like company engagement to help them improve their metrics over time.

Demonstration of the Fund's impact

This report is designed to provide investors transparency into the impact of the Fund's holdings. We provide this across a number of dimensions.

SUMMARY MEASURES:

To simplify communication, Harbour provides summary measurements of impact alignment. We take the core SDG each company is aligned with and present weighted averages. We supplement this with summary statistics such as carbon footprint to give investors a more rounded feel for the Fund and demonstrate how it fits with their values.

INDIVIDUAL MEASURES:

Detailed one-pagers are provided on a portion of the Fund's holdings in this report, with high level measurements disclosed in the appendix for all holdings. Beyond this report, investors are provided frequent insights into investee companies via the Fund's monthly report.

Engagement Philosophy

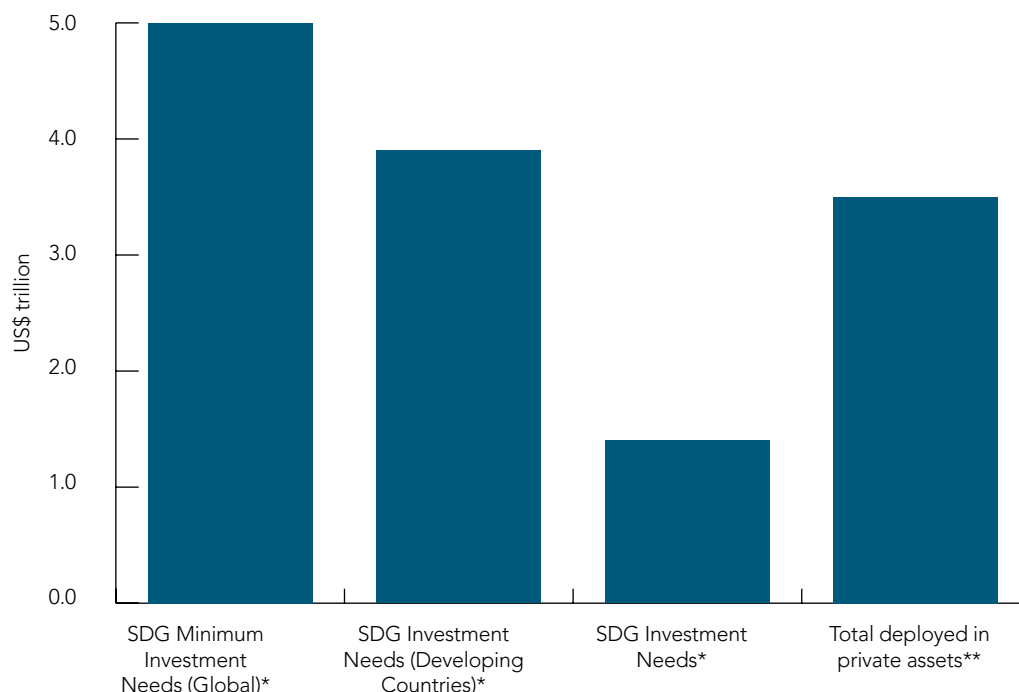
Engagement is a key pillar of Harbour's broader responsible investing policy. Additional impact investing engagement takes place with all direct investee companies to help identify any negative externalities, capture data, and explain to investees why they are receiving capital. The [Portfolio Highlights section](#) of this report provides detail of this key aspect.

Avoiding Harm

Avoiding harm is a key tenet of impact investing. This is made clear by the 'sustainable' in the Fund's name. Each impact thesis seeks to understand negative externalities a company creates in the pursuit of impact. If these are deemed material, then an investment cannot be made or held.

Incremental Benefit (Additionality)

The most contentious aspect of impact investing, incremental benefit (additionality), asks what would happen if an impact investor didn't make the investment. This has led to questioning the impact of investing in listed markets given secondary trading does not provide additional capital to companies. We disagree with this thinking.



Sources: *'World Investment Report' United Nations Conference on Trade and Development, 2014
**McKinsey Global Private Markets Review 2022

Listed markets are among the largest asset classes in the world. Challenges such as climate change and responsible production are too large to not consider the role of listed companies. Share market investing sends strong signals to companies about what activities are valued by society.

Further, as demonstrated in this report, Harbour's active ownership helps shape the direction of companies.

However, we acknowledge that some of the more innovative solutions come from smaller firms that are yet to list on public markets. For this reason, the Fund includes an allocation to private equity.

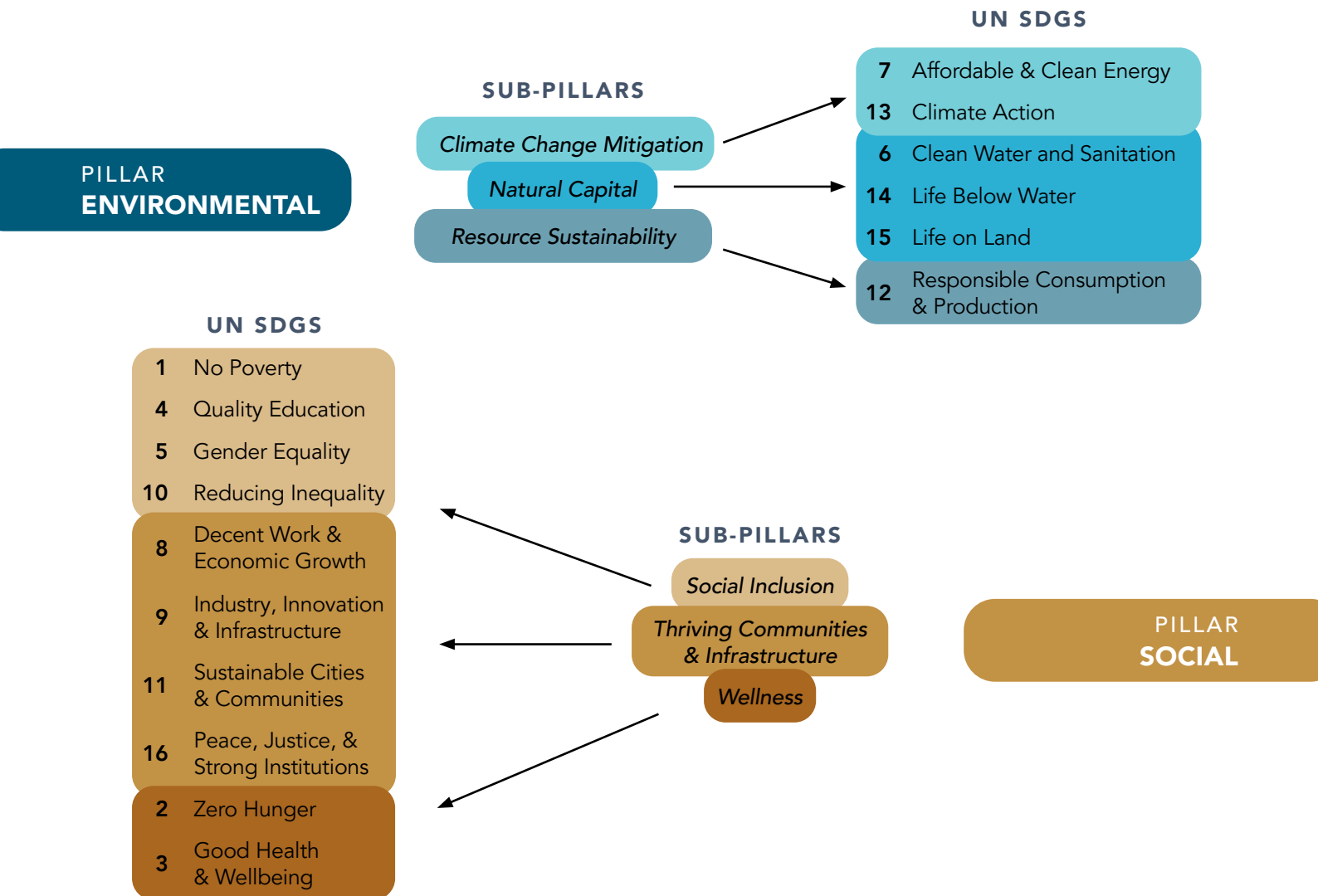
The Fund's Impact Objectives

Our definition of impact means positively contributing to one or more of the SDGs. The SDGs have been designed as a prioritisation of goals to achieve peace and prosperity for people and the planet, now and into the future. For more information visit [this website](#). A key to qualifying as 'impact' means being able to establish a clear link, contributing to at least one SDG.

Many private equity impact funds narrow a fund's focus on a set of impact objectives. Harbour's vision in launching the Fund is to make impact investing accessible to a wide New Zealand audience. Accessing listed equity markets means we do not face the same resource constraints as private equity investors and are explicit in aiming to deliver a positive contribution across a broad range of SDGs, as opposed to limiting the Fund's scope to a specific number of targeted SDGs.

Mapping SDGs to Impact Pillars

To simplify the communication of the Fund’s impact, we have mapped the SDGs to two ‘impact pillars’: Environmental and Social. Within these umbrella classifications are six sub-pillars: Climate Change Mitigation, Natural Capital, Resource Sustainability, Social Inclusion, Thriving Communities and Infrastructure, and Wellness.



Investment Performance

The Fund has a dual objective of providing investors a market-competitive return as well as delivering impact. The return objective is defined as OCR +4% over rolling 5-year periods, while impact is defined as making a measurable positive influence on the UN SDGs.

This report has primarily been prepared to provide transparency into the impact the portfolio makes.

Performance focus

Harbour believes it can have a larger impact if the Fund can deliver a return that appeals to a larger range of investors. While the OCR +4% objective is a useful tool to communicate expectations to investors, we measure performance against a benchmark weighted by the underlying asset classes.

It is with this benchmark in mind that we evaluate investment opportunities. To qualify for the Fund, all directly held investments must meet an impact threshold and be approved to buy by Harbour’s analysts.

Portfolio holdings contribute to some of the world’s most pressing challenges including de-carbonisation and access to affordable health care. We believe the companies that can contribute solutions will be valued by society and financial markets and therefore see opportunity to add value to investors. However, we expect that operating with a reduced universe will result in the Fund’s returns tracking the index less closely than a fund with a broader set of investment choices.

For up-to-date performance information please see [here](#).

Impact Investing Process

Harbour's impact process starts with each investment analyst. Armed with intimate knowledge of a company, an investment analyst prepares an 'impact thesis' for each entity. This thesis provides a qualitative description of how a company contributes to an SDG and backs it up with a quantitative measure of impact.

This impact report will demonstrate abridged versions of several holdings' impact theses and below is an example.

EXAMPLE

ENVIRONMENTAL

Climate Change Mitigation



Harbour Sustainable Impact Fund Thesis: Contact Energy

Company profile

Contact holds 22% and 19% market shares in New Zealand's electricity generation and retailing markets respectively. Its peaking generation plant (geothermal and gas) means it benefits from dry periods in the North Island (even though over 40% of its capacity is South Island hydro, the market is c.65% supplied by hydro).

Impact thesis

- While gas still fuels c.10% of Contact's generation portfolio, the company is actively migrating to renewable sources having announced the 2023 closure of its Te Rapa gas plant (when its contract with Fonterra expires) and has signaled it is unlikely to refurbish the 360MW Taranaki Combined Cycle plant when it is due for service in approximately 2000 hours.
- To replace this lost capacity, Contact is developing its new 168MW Tauhara geothermal field, assisting New Zealand's energy transition.
- In conjunction with Meridian, Contact Energy, has been proactive in encouraging energy intensive sectors, such as data storage, to migrate to New Zealand. It is also sponsoring a study of a large-scale battery that would better utilise excess hydro capacity in the event of NZAS decamping.

Impact risks

- There are prior examples of New Zealand electricity generators walking-back intentions to close thermal plant; this could undermine our impact thesis.
- Ironically, if Contact was to close its plant into a market with insufficient renewables supply it may increase New Zealand's emissions as the higher-emitting Huntly may become the marginal source of generation.

Measurement

2021 Renewable energy generation 7,355 GWh
(source: Contact Energy monthly operating statistics).

Engagement

Harbour has a long-standing constructive dialogue with Contact management expressing an investors perspective on the importance of a just energy transition.

Each impact thesis is scrutinised by the portfolio management team who are assisted by Manager, ESG Research, Jorge Waayman. From an objective perspective, the team conducts a 'sniff-test' of the investment analysts' thesis. Any controversial aspects are discussed with the Impact Committee as explained below.

Negative Impacts / Exclusions

Each investment thesis seeks to understand any negative externalities a company creates in the pursuit of impact. If these are deemed material, then an investment cannot be made or held. To be clear what is meant by material, we subscribe to third party data providers' company screens. These screens flag where companies have negative impacts. However, it is often the case that a flag is raised because a company simply does not have a policy. The Fund is not a box-ticking ESG fund; it is genuinely focused on impact. Therefore, there may be investee companies which flag poorly with some data providers where we have been able to satisfy ourselves that the flag does not constitute material harm.

For additional investor comfort, the Fund abides by Harbour's exclusions list found in Harbour's ESG Policy found on [this page](#) of our website. These exclusions, such as tobacco, would not meet our definition of impact, however, this exclusion list is designed to provide an additional layer of comfort.

In time, the team aims to produce written position statements on controversial areas such as nuclear energy. The Fund will not satisfy all investors' values, but it will be clear on its own.

Impact Committee

As all qualitative judgements are made by the Portfolio Management team, the purpose of the Impact Committee is to provide active oversight to make sure the team are applying a process consistent with the Fund's stated objectives, and therefore that the Fund remains true to label. The Committee also provides insight into the latest developments in environmental and social issues which Harbour should consider in the management of the Fund. Additionally, the Committee considers management recommendations for external impact data providers. The Committee has been formed for the benefit of investors in the Fund.



Andrew Bascand (Interim Chair): Andrew Bascand has over 30 years' experience in financial markets. As a founder of Harbour, a significant shareholder and its Managing Director, Andrew sees the development of the Fund as an important contribution Harbour can make and is passionate about the integrity of the Fund.



Russell Garrett: Russell has 30 years financial markets, investment, and governance experience drawn from his time within banking, corporate trustee services, and investment management and consulting. He was an early advocate for Responsible Investment and has helped a number of institutional funds establish and implement their Responsible or Sustainable policies and practices. Russell is currently the Executive Officer for The Presbyterian Church Property Trustees and a member of the Victoria University Foundation Finance, Risk, and Investment Committee. He is also a proud (but not particularly skillful) member of the Fabulous Turtles football team and serves at his local church.



Anna Charlton: Anna has 15 years' experience in capital markets and corporate roles with PwC, ANZ and Z Energy. Having worked in senior leadership positions for New Zealand's largest transport energy company, Anna has first-hand experience navigating the practical challenges of decarbonisation. Anna now works as a Partner for The Lion Partnership and provides independent consulting with a specialist interest in green finance. Anna has two young and vibrant boys, aged six and four years old. Anna was appointed as an independent member, but has subsequently been employed to provided strategic consultancy services to Harbour.



Sophie Parlane: Sophie heads up Harbour's communications and brand team. She is also a founding member of Harbour's Footprint Committee and key driver behind Harbour's partnership with charity Roots of Empathy. A passionate advocate for ESG, in particular regarding social issues, human rights, community engagement and diversity and inclusion. She previously worked for a youth entrepreneurship and financial education charity. She holds a Bachelor of Arts in Social Policy and Political Science from Victoria University of Wellington, Te Herenga Waka.

Outsourced Managers

Third party managers are selected based on an assessment of the integrity of their impact investment processes. Harbour reviews these managers regularly and utilises third-party impact data to drive engagements with these managers. This report encompasses data on the entire portfolio, including that outsourced to third-party managers Mirova, T. Rowe Price and Icehouse Ventures.



A committed and a leading player in sustainable finance, [Mirova](#) is a conviction-based management company that offers its clients investment solutions combining the search for financial performance with environmental and social impact. This is Mirova's raison d'être: to contribute to a more sustainable and inclusive economy by increasing positive impact on environmental issues and reducing inequalities. In 2022, for the second consecutive year, Mirova was named B Corp Best For The World™ in recognition of its significant positive impact in the 'Customers' impact area.



The [T. Rowe Price](#) Global Impact Equity strategy investment process embeds clear principles of materiality and measurability to form the basis for identifying positive impact. As a public equity manager, T. Rowe Price aim to make a difference with their investment dollars, accelerated through engagement and voting, and be additional in the outcomes created. Due to the very complex friction points that exist for our planet and global communities, delivering impact requires patience and an understanding of change. This is why being resilient in applying an impact-oriented investment approach is imperative. The T. Rowe Price Global Impact Equity Fund is one of only a handful of public equity funds awarded the RIAA Certification for Impact Funds.



[The Icehouse Sustainable Tech Fund](#) invests in disruptive New Zealand start-ups that can amplify sustainability as an outcome of their core business. The Sustainable Tech Fund exists to invest in and support the next wave of New Zealand's most disruptive and impactful start-ups. Successful businesses are led and built by the bravest and highest quality founders. Today's bravest founders, and the team, supporters, and investors they rally around them, increasingly put sustainable growth at the forefront. There is no more ambitious mission than positively impacting the world and its future.

THE FUND'S IMPACT

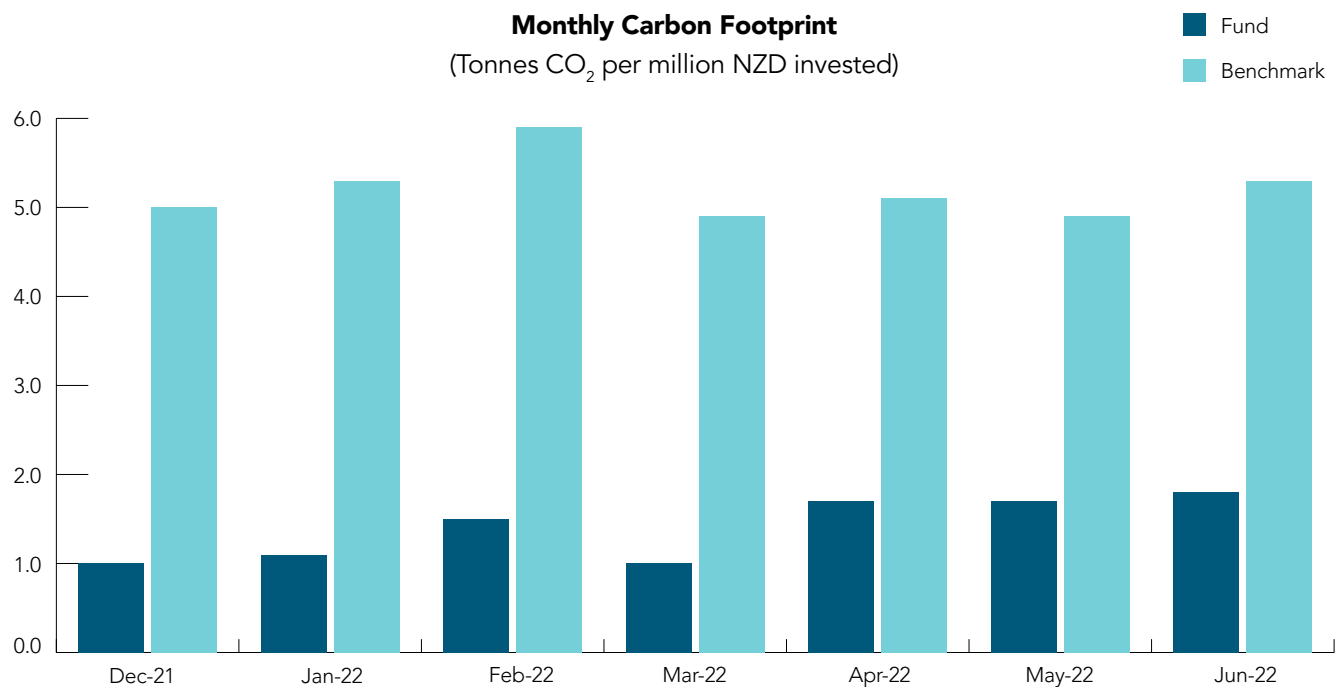
Carbon Footprint & Offsetting

Measurement

ISS is a leader in carbon measurement and company coverage is continuing to grow alongside company disclosure. Third-party data from ISS is used to measure the weighted-average carbon footprint across the listed equity holdings within the Fund. ISS is a leader in carbon measurement and company coverage is continuing to grow alongside company disclosure. Following asset management convention, we exclude fixed interest securities where we are a lender rather than an owner (100% of the emissions are attributed to equity owners). In displaying carbon footprint alongside the Fund's benchmark, we also exclude the small allocation to venture capital owing to data availability. However, we gross up to include the weight of this allocation when offsetting carbon footprint (refer process below). As data availability improves, we hope to also measure private company emissions.

As of 30 June 2022, Scope 1 and 2 emissions³ data for:

- **100%** of listed equities exposure through external managers is reported through ISS
- **98.8%** of listed equities exposure held directly is reported through ISS which represents 11 of the 12 holdings in the portfolio



Benchmark: (25% S&P/NZX 50 Portfolio Gross Index, 17% S&P/ASX 200 Index, 58% MSCI All Country World Index)

Offsetting Process

Carbon credits are purchased annually to neutralise the emissions that are calculated monthly for the Fund.

The cost of the carbon credits is carried by Harbour Asset Management rather than Fund investors. We believe this ensures a strong alignment with the Fund's investors as Harbour has an additional financial incentive to reduce the Fund's carbon footprint.

To calculate the amount of carbon credits required, we take the product of the monthly footprint and the total dollar amount invested in equities (including venture capital).

3. As per the Greenhouse Gas Protocol for measuring carbon emissions, Scope 1 and 2 are direct emissions (scope 2 being purchased electricity) whereas Scope 3 emissions come indirectly through an entities' value chain, including use by customers or emissions in purchased inputs. For now, Scope 3 measurement is very limited. For more information see [here](#).

Offset Project

Harbour is Toitū net carbonzero certified. To achieve this certification, Harbour offsets any CO₂ equivalent emissions we have not mitigated. Harbour staff undertook a holistic process of evaluating various offset options, not viewing the purchase of offsets as a discharge of responsibilities.

Rather than buying carbon offset credits from, say, a monoculture pine forest on prime Hawkes Bay farmland, we sought a project with more holistic benefits and selected a cookstove project that also infers health benefits on the villagers who transition from coal-fired equipment to more sustainable fuels, mostly biofuels. The Fund follows the same process as Harbour.

Gyapa cook stoves, Ghana

Nearly 3 billion people in the developing world cook food and heat their homes with traditional cook stoves or open fires. [The Global Burden of Disease Study 2010](#) estimates that 4 million premature deaths occur every year due to smoke exposure from these methods. In fact, this is the fifth worst risk factor for disease in developing countries and women and children are the most affected. ClimateCare and Relief International have partnered to introduce the Gyapa, an insulated and efficient cook stove, to families in Ghana. The Gyapa stove cooks food more quickly, requires 50-60% less fuel, reducing carbon emissions.



Co-benefits:

- Improves health by reducing exposure to toxic fumes as it is less smoky (typically for mothers and children)
- Reduces household energy costs
- Improves the local economy by supporting businesses and providing employment opportunities (the stoves are locally manufactured)
- Protects Ghana's dwindling forests (Ghana has one of the highest deforestation rates in Africa).

Carbon offsetting is the process of canceling out the CO₂ emission produced in one place with the act of absorbing carbon in another place, while avoidance projects create alternative pathways so emissions are not produced in the first place (eg renewable energy projects or energy-efficient equipment like cookstoves). The Gyapa cook stoves project is an avoidance project.

Temperature Score & Science Based Targets Initiative (SBTi)

Temperature Score

For the month ending 30 June 2022, the temperature score of the Fund was 1.6°C, whilst the Fund's benchmark had a score of 2.8°C.

Calculation of the Fund's carbon footprint translates into a weighted-average temperature score, also calculated by data vendor ISS. This is compiled quarterly, included in regular Fund reporting and, as with the carbon footprint, is calculated for the listed equity holdings in the Fund.

The ISS ESG temperature score examines how the issuer's and portfolio's emissions over- or undershoot the [Sustainable Development Scenario](#) (SDS) by year 2050. The score includes the relationship between increase in emissions vs increase in temperature for the scenarios available in the [IEA World Energy Report](#) (WEO). SDS is a Paris-aligned scenario, and the trajectory is well within the envelope of 1.5°C scenarios used in the [IPCC SR 1.5 Report](#). An issuer or portfolio that is aligned with the SDS in year 2050 is also expected to have a temperature score of 1.5°C.

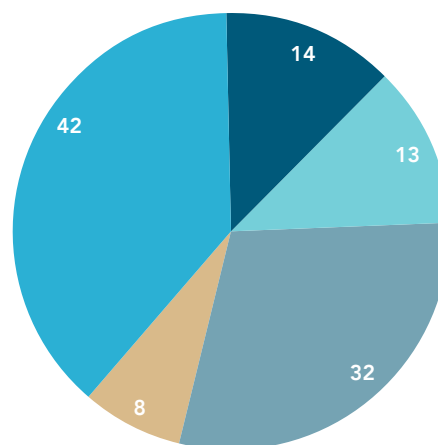
Science Based Targets Initiative (SBTi)

The [SBTi](#) is an NGO founded in partnership with the United Nations Global Compact, World Resources Institute, CDP and World Wide Fund for Nature (WWF). It provides technical assistance and certification to companies who set science-based targets in line with the latest climate science. We are supportive of the SBTi's work to provide integrity to assessing companies' climate ambitions.

Currently 67 companies of the 109 in our portfolio of listed equities have committed to a published climate goal, with 27 of these having either committed to the SBTi or having targets approved by SBTi. A further 32 have not signed up to SBTi, but have targets assessed as being 'ambitious' by ISS. Eight of these 67 have set targets that are assessed to be non-ambitious. This assessment helps drive our engagement with companies (see section on [company engagement](#)).

Since the SBTi was launched in 2015 the uptake has grown exponentially, with the number of companies with approved targets or commitments more than doubling from 2020 to 2021. Currently these companies comprise around one third of the global equity market capitalisation (as measured by the MSCI ACWI). Despite this significant take up on a global scale there are still regional differences. For instance, Australasia has only 3% of listed companies with approved targets or commitments, in contrast with Europe (the best performing region) which has 55% of listed companies.⁴

Putting our portfolio in context with these numbers, 27 companies from our listed equities exposure (domestic and global) have approved targets or are committed to science-based targets, representing 25% of the total number of companies, while globally this number is 17% of all listed companies. On top of this, we have a further 29% of companies with ambitious emissions reduction targets (albeit not SBTi committed or approved).



4. [SBTi Progress Report 2021](#)

Impact Measurement

To view our Impact Measurement Highlights, refer [here](#).

Overall Impact Scoring

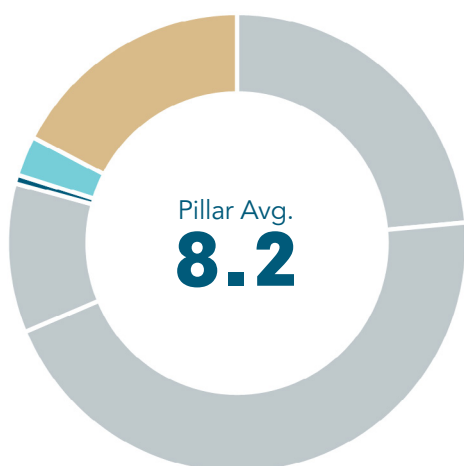
Impact measurement is challenging, particularly providing benchmark comparisons at the aggregate portfolio level. To provide investors an independent assessment we use impact measurement data provided by ISS ESG.

For each company we use ISS's SDG alignment score for the company's primary SDG contribution. For ease of interpretation, we normalise to a score from 0-10. We then aggregate individual company data for our portfolio, classifying by impact pillar and sub-pillar, and compiling the same data for our composite benchmark (for an explanation of impact pillars please refer to [Mapping SDGs to Impact Pillars](#))

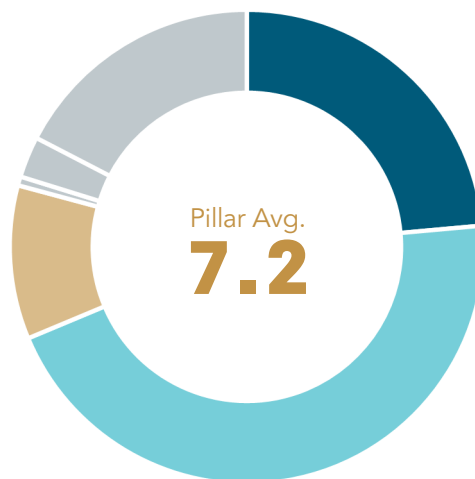
Due to differences in the way that ISS, Harbour and our external partners classify the primary contribution of a company's impact, the ISS mapping to each SDG may differ to our qualitative assessments.

Results as of 30 June 2022 are seen below. At the portfolio level our aggregate score is 7.4/10, while our benchmark score is 7.0/10. Sub-Pillar scores are seen below as weighted averages based on the weight in the Fund or the Fund's benchmark.

ENVIRONMENTAL



SOCIAL








SUB-PILLAR	% WGT	AVG. SCORE	BM SCORE
Resource Sustainability	1%	7.2	7.3
Natural Capital	3%	7.7	7.0
Climate Change Mitigation	17%	8.2	7.7

SUB-PILLAR	% WGT	AVG. SCORE	BM SCORE
Wellness	24%	8.2	8.5
Thriving Communities & Infrastructure	45%	6.8	6.5
Social Inclusion	10%	6.9	6.8

Benchmark: (25% S&P/NZX 50 Portfolio Gross Index, 17% S&P/ASX 200 Index, 58% MSCI All Country World Index).

Avoiding Significant Harm

We also utilise ISS data to flag any companies that may make negative contributions to SDGs beyond their primary area of contribution. As outlined in the philosophy section, we seek to avoid companies that infer material negative externalities. For transparency, below lists all companies in the Fund that flag as having a 'significant negative contribution' under ISS' definition as well as a brief explanation of why the company is still held. Use of flags such as this informs our engagement with external managers.

	COMPANY	SDG NEGATIVELY IMPACTED	EXPLANATION
Directly held investments	Syrah Resources	<p>13 CLIMATE ACTION</p> 	<p>We acknowledge that as a miner Syrah Resources has a high carbon footprint. However, its product, graphite, is a key input in the electric vehicle supply chain. This is what underpins our impact thesis. Further, Syrah has recently commissioned the construction of a solar power station at its plant – this is not captured in the ISS historic data.</p>
Third-party investments	Waste Connections	<p>6 CLEAN WATER AND SANITATION</p> 	<p>Waste Connections operate landfills. To our knowledge, the company does not have a history of contaminating water supplies, however, some of its facilities are older and therefore more at risk of leaching. Acknowledging this impact risk, focus is on how the company operates its facilities and the third-party manager's impact thesis is predicated on Waste Connections' conversion of landfill gases to energy.</p>
	Trimble	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Trimble provides software used for resource planning and land and water management in the construction, geospatial, transportation and agriculture industries. This software has applications to reduce waste. ISS does not provide details to substantiate its low rating. We have cross-checked this and found it at odds with another ESG score provider.</p>
	Keyence	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>We accept that Keyence's robotic vision-sensing products can displace workers, however, judge this factor alone to not offset the benefits of a reduction in manufacturing waste and safety.</p>
	MSA Safety	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>MSA Safety is a manufacturer of safety equipment. While it has developed products such as a reusable respirator for front-line healthcare products, many safety products are single use. We are engaging further with the third-party manager regarding the degree to which the company strikes the right balance between safety and circularity.</p>

PORTFOLIO HIGHLIGHTS

ENVIRONMENTAL

Climate Change Mitigation



Atlassian
Auckland Council
Brookfield Renewable Partners
Calix
Chart Industries
Contact Energy
Fortinet
Hubbell
Humm Green Bonds
Iberdrola
IFC Climate Bonds
Linde
Macquarie Group
Manawa Energy
Mercury Energy
Meridian Energy
NextEra Energy
Nibe Industrier
Orsted
Osho
Rockwool
Salesforce.com
Schneider Electric
SeaChange
ServiceNow
Shoals Technologies
Sika
SolarEdge Technologies
Spark Sustainability-Linked Bonds
Sunrun
Syrah Resources
Tesla
Trane Technologies
UBCO
Vestas Wind Systems
Waste Connections
Woolworths Sustainability-Linked Bonds
Zoom Video Communications

Natural Capital



American Water Works
Ball Corp
CarbonCrop
Croptide
Ecolab
KMD Brands
Mueller Water Products
TOMRA Systems
Watts Water Technologies
Xylem

Resource Sustainability



Ashtead Group
Badger Meter
Hot LIme Labs
IDEX Corporation
Keyence
NewFish
Nilo
Trex
Trimble
Unilever

SOCIAL

Wellness



Agilent Technologies
Alexandria Real Estate Equities
AstraZeneca
Avantor
Credit Agricole
CSL
Daiichi Sankyo
Danaher
Eli Lilly
EssilorLuxottica
Evotec
Hamamatsu Photonics
Heartlab
Intuitive Surgical
JD Health
Kodiak Sciences
Koninklijke DSM
Legal & General Group
Lonza Group
Metlifecare bonds
Novo Nordisk
Orpea
Oxford Nanopore Technologies
Pacific Edge
Sartorius
Shop Apotheke
Stryker
Takeda Pharmaceutical
Terumo Corp
Thermo Fisher Scientific
Toku Eyes
Veeva Systems
Volpara Health Technologies
WuXi Biologics
Zoetis

Social Inclusion



ADB Gender Equality Bonds
AIA Group
Bright Horizons
Estee Lauder
Housing NZ Wellbeing Bonds
IBRD Sustainable Development Bonds
IDP Education
Symrise

Thriving Communities & Infrastructure



Adobe
Adyen
AIA Group
Aptiv
ASML Holding
Axis Bank
Bank Central Asia
Block
Chailease Holding
Charles Schwab Corporation
eBay
EBOS
Goodman Property Green Bonds
HDFC Bank
Hubspot
Intuit
KBC Group
Macquarie
Mastercard
MercadoLibre
Mercedes-Benz
Microsoft
MSA Safety
NVIDIA
Precinct Properties Green Bonds
Roper Technologies
Sekisui House
Shopify
Signature Bank
SVB Financial
Synopsis
TSMC
Verizon
Visa



Harbour Example: Reducing Greenhouse Gas Emissions - Calix Limited

The problem

The global cement sector is the single largest contributor towards man-made greenhouse gas (GHG) emissions (8%), and decarbonising the sector is essential in reaching the 1.5° C temperature target. Cement is used in nearly all construction and is the second most consumed material on the planet (after potable water) and governments, customers, and capital allocators are starting to put pressure on the industry to reduce emissions. The biggest obstacle to industry decarbonisation is that most of its emissions (60%) cannot be substituted as they are from the chemical reaction that occurs when making lime and clinker from limestone (calcination process). 'Green cement' is currently being marketed and is simply substituting clinker (the critical binding material in cement) with other materials. This is great as a quick fix since clinker is the main culprit for cement emissions, however, cannot be fully replaced. The most common clinker substitutes are fly ash and slag, which are bi-products from coal and steel processing, industries which in their own rights are under pressure to reduce output. One industry insider likened clinker substitution to placing the ambulance at the bottom of the cliff rather than dealing with the problem at the top.

Impact thesis

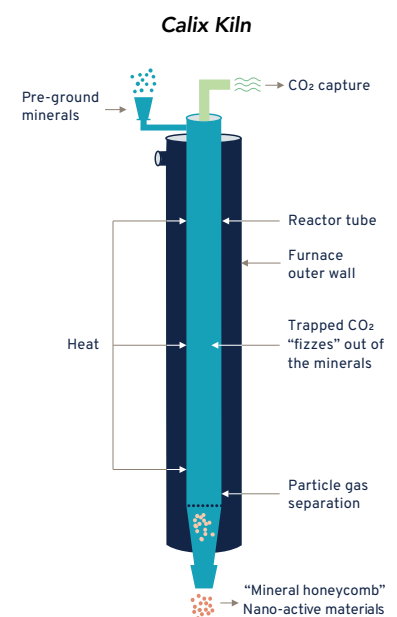
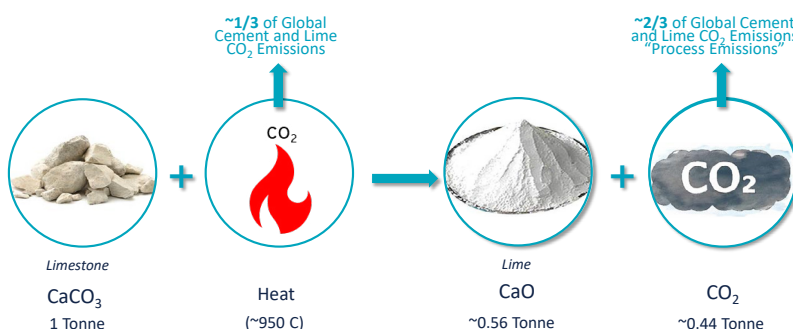
The cement industry needs all the solutions it can find to decarbonise, using clinker substitution, renewable energy sources, and future technologies to reduce calcination emissions. Calix has developed a kiln and calcination process that allows not only the chemical reactionary emissions to be fully captured, but also removes the need for internal combustion and fossil fuels in the kiln (which is universally used by the industry) and rather heats it externally, allowing for 100% renewable energy sources.

Low emissions intensity lime and cement (LEILAC) is the technology controlled by Calix and final investment decision was announced in early 2022 to build a second pilot plant in Germany to prove the concept at scale. This pilot plant will capture 100 kilo tonnes per annum (ktpa) of CO₂ from the calcination process and allow further carbon savings from using renewable energy heat. In May, the company announced a project with Boral, one of Australia's largest cement companies, to scope the use of LEILAC at one of Boral's plants to also capture 100ktpa of CO₂. We expect once commercial operations commence, that each LEILAC plant will save 100ktpa in its first year gradually increasing to 500ktpa as existing kilns are replaced by LEILAC kilns as part of regular maintenance. In the EU alone, we expect by 2040 that LEILAC has penetrated 20% of the cement market (that is 64 plants out of 320 total) for an annual 20 million tonnes per annum CO₂ saving from calcination. According to mortality costs of carbon studies, 20mmtpa of reduced emissions also reduces excess human deaths by 4,520 people.

We will report Calix's impact on the environment by measuring the number of LEILAC kilns planned, under construction, and in operation; the amount of CO₂ emissions avoided from carbon capture and if we can get the data, also carbon savings from replacing fossil fuels; and the number of human lives saved from reduced carbon emissions.

Cement and lime contribute between 5% and 8% of global anthropogenic CO₂ emissions - about 2.2 BT per annum*

Around 2/3 of those emissions are unavoidable – coming from the raw material (limestone)



The Calix kiln provides a solution for the calcination emissions for the lime and cement industry.

ENVIRONMENTAL

Climate Change Mitigation



Harbour Example: Reducing Greenhouse Gas Emissions - Spark

Labeled bonds

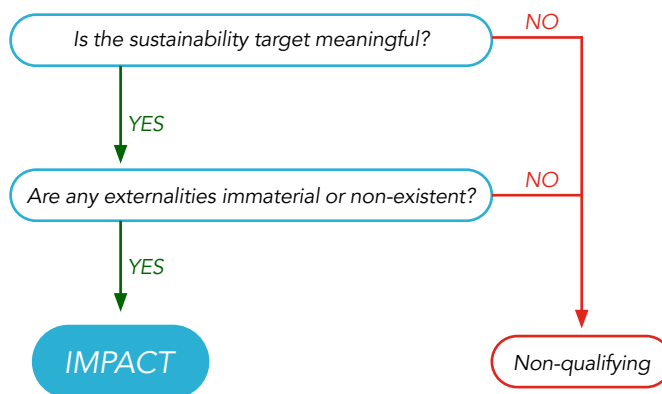
In driving impact, bonds can hold an advantage over shares. Shares must fund an entire company whereas bonds can be raised to fund specific projects for change. This advantage is being harnessed by the sustainable finance movement which has developed various types of labeled bonds including 'green bonds' and 'sustainability-linked bonds'.

While voluntary frameworks have been created to guide the labeling of bonds, however, it is our belief that these frameworks, and their application, do not necessarily directly link the bond label to impact. Instead, we have built internal frameworks to qualify bonds, regardless of labeling. We demonstrate this using Spark's sustainability-linked bonds as an example.

Sustainability-linked bonds

Sustainability-Linked Bonds (SLBs) link the size of their coupon payment to the borrower's achievement of an explicit sustainability target. These bonds therefore explicitly incentivise sustainability outcomes and can be considered instruments of change, ie impact investments, provided they meet the below criteria.

Harbour SLB framework



Spark SLBs

Spark is New Zealand's largest telecommunications provider.

SLB TARGET

In setting a target consistent with a 1.5° scenario, specifically a final target of a 56% reduction in scope 1 and 2 emissions, Spark has set June 2026 as an interim target to reduce emissions by at least 33.6%. Missing this target is the trigger for a coupon increase in these bonds.

IMPACT THESIS

Spark's SLBs create an incentive for the company to meaningfully reduce the GHG emissions of its business (primarily created in operating networks as well as data centres).

ENVIRONMENTAL

Climate Change Mitigation



TARGET APPRAISAL

Intuitively, a reduction by a third is meaningful. However, because electricity footprint is calculated as electricity consumed multiplied by GHG factor, much of the work to reduce the footprint can, and is expected to be, done by the electricity grid rather than a reduction in megawatts consumed. Given electricity is such a large portion of Spark's footprint, we think it is appropriate that its target is tied to the ultimate carbon consequence.

Further, the target is consistent with a 1.5° scenario which Harbour is aligned with and has been verified and set in accordance with SBTi guidance. Compared to global peers we have assessed, while it is not the most ambitious (noting those with targets are a self-selecting sample that is naturally biased to the best performers), encouragingly it is an absolute rather than intensity-based measure. Compared to other targets within SLBs it is ambitious. In summary, Spark has set a meaningful target **and** is holding itself accountable to the target.

OTHER SPARK SUSTAINABILITY INITIATIVES

SLBs typically include a single target for administrative simplicity. Spark has set supplementary, scope 3 targets, within its business. Specifically, it has committed that 70% of its suppliers⁵ will have science-based targets by FY26. Spark has also set a 40:40:20 gender representation target.

EXTERNALITIES

Telecommunications is a relatively low impact industry and Spark manages what impacts it does have well. It has been able to maintain high employee engagement scores and run successful consultation processes while meaningfully shrinking its workforce in recent years. Spark scores highly in Harbour's internal ESG system as well as that of external providers, both indicating an absence of poor behaviour flags.

IMPACT FUND QUALIFICATION

Spark's equity or non-labeled bonds would not qualify for the Fund. It is the incentive created by the coupon mechanism that qualifies Spark's SLBs.

5. by spend covering purchased goods and services and capital goods.

ENVIRONMENTAL

Climate Change Mitigation



Harbour Example: Reducing Greenhouse Gas Emissions - Humm Group

Humm Group

Humm is an ASX-Listed non-bank finance (lending) company that is in the process of merging with Latitude Financial subject to regulatory approval.

Security description

Harbour holds a senior tranche of an asset-backed security (explained below). This security is backed exclusively by loans to fund consumers buying solar equipment; primarily residential rooftop solar PV, but also including solar hot water systems, solar air conditioning, battery storage and inverters. The bond meets Climate Bond Standard principles.

Impact thesis

Humm’s financing enables homeowners to easily purchase rooftop solar without having to vary mortgages (and incur fees etc.). This is an Australian transaction where new renewable generation has a meaningful impact in displacing coal (54% of Australian electricity in 2021, up from 21% the prior year). Only 24% of Australia’s energy generation came from renewable sources in 2021. The total deal finances 138MW of solar capacity, A1-G tranche that we have funded, backs 12.1MW

Impact risks

Non-bank finance companies can charge extortionate rates and exploit the financial illiteracy of their borrowers. We have reviewed Humm’s hardship and responsible lending policies and their practical application and take comfort in the way they have worked with borrowers over credit. While the total rate received by Humm is very high at c. 16%, part of this is comprised of margin from the solar vendor who uses the finance as a toll to close sales. We view the headline rate paid by the homeowner as reasonable given the security of the solar assets.

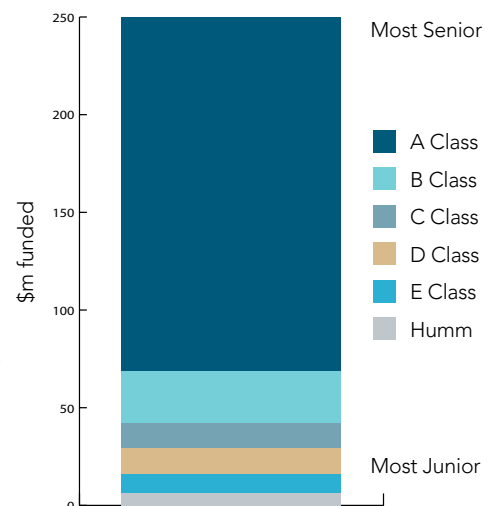


ASSET-BACKED SECURITIES EXPLAINER

Receivables, or loans, are owned by a trust which issues debt securities (asset-backed securities) to fund the loans (in contrast to a bank which uses term deposits and other forms of borrowing).

The various securities (tranches) issued by the trust have different legal priority on the income and principal repayments from the loans. The junior tranches take losses first if the underlying borrowers do not repay their loans. The senior tranche gets repaid before other tranches resulting in a short weighted-average life of only 1 year to repayment.

In this case, as loans sour the junior tranches, equal to 27.6% of the receivables, absorb losses before a single dollar is lost at the senior tranche. Additionally, the weighted-average coupon paid is lower than interest received into the trust. The provider of the most junior funding is only entitled to receive this interest, known as excess spread, if senior funders have been paid. Historically, losses (borrowers defaulting on loans) have been 2.5% p.a and this has been covered entirely by excess spread meaning no tranches have worn losses.





T.Rowe Price⁶ Example: Promoting Healthy Ecosystems - Mueller Water Products

Pressure points

Global water use has increased by approximately 1% every year since the 1980s, primarily due to rising industrial and domestic demand, creating global pressure on supplies.⁷ It is estimated that leaks from pipes in the U.S. drinking water distribution system lead to a loss of 1.7 trillion gallons of drinking water and costs the nation approximately USD 2.6 billion annually.⁸ Implementing robust leak detection and repair programmes in water delivery systems can help improve the sustainability of industrial and municipal usage and reduce stress on resources.

Impact thesis

Mueller Water Products (Mueller) helps municipalities deliver clean water and reduce water waste. Mueller products include water and gas valves, fire hydrants, water metering solutions, leak detection, and pipe condition assessment systems. Mueller's fire hydrants perform a critical safety and security function to help firefighters in times of emergency. We monitor the company's revenue, less the exposure related to natural gas utilities (approximately 10%⁹), to assess impact.

Key performance indicator (KPI)

Company revenues (excluding gas utility exposure), water saved.

Five dimensions of impact

WHAT: Improving water conservation through water treatment, distribution, and leakage detection solutions

WHO: Planet

HOW MUCH: According to its 2021 ESG report, Mueller helped repair 250,000 pipes annually, monitored 3,200 miles of pipe globally, and shipped 3 million smart meters. Additionally, it supplied over 1 million fire hydrants in the last 10 years.

CONTRIBUTION: Mueller's EchoShore[®] products save approximately 675 million gallons of water per year. Mueller's i2O Water, an advanced pressure management solution, has helped to reduce leakage by around 38% and burst frequency by 58%, helping to minimise waste and repair costs.¹⁰

RISKS: Product issues and system glitches can lead to product quality and safety issues.

Progress monitoring

In our engagement with the company, we suggested that Mueller focuses on customer-focused impact goals in addition to existing operational ESG performance metrics. We were pleased that its 2021 ESG report included a goal to save 7.7 billion gallons of water loss by 2027 with its EchoShore[®] leak detection technology.

IMPACT JOURNEY

Input

USD 867 million total revenue aligned⁹

Output

Products used in the transmission, distribution, and measurement of water

Outcome

Improved efficiency of water delivery systems

Impact

Save water

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7. United Nations World Water Development Report 2019

8. United States Geological Service

9. Mueller FY 2020 annual report

10. Mueller 2021 ESG Report EchoShore is a trademark of Mueller International, LLC. Use does not imply endorsement, sponsorship, or affiliation of T. Rowe Price



Mirova¹¹ Example: Improved Water Security - Xylem

The company

As a global leader in the water and wastewater industry, Xylem is an important player on the theme Efficient Resource Use within the Environment transition. Xylem contributes to sustainable water management in two ways. First, it supplies innovative and resource efficient water and wastewater treatment solutions which improve water productivity, water quality and water resilience for its clients. Second, it offers traditional equipment commercialised in developing economies, fostering increased access to water for vulnerable populations.

Addressing water security

For Mirova, the Resource Security pillar seeks to capture initiatives that address pressure on natural resources, as for instance by combating deforestation, sustainable farming and fishing practices, eco-design or the recycling and recovery of waste. In a world where a growing population aspires to an ever-higher standard of living, the pressure on natural resources is increasing rapidly. Individual countries and regions face critical problems presented by water stress, either due to local physical shortage or scarcity in access because of a lack of infrastructure to ensure a regular supply. Water scarcity is expected to be exacerbated further by rapidly growing urban areas and climate change. Water stress affects a quarter of all humanity.¹²

Solutions

Xylem engages in the design, manufacture, and application of engineered technologies for the water industry. It operates through the following business segments: Water Infrastructure, Applied Water, and Measurement and Control Solutions. The Water Infrastructure segment focuses on the transportation, treatment, and testing of water. The Applied Water segment encompasses the uses of water and focuses on the commercial, residential, and industrial end markets. The Measurement and Control Solutions segment focuses on developing technology solutions that enable intelligent use and conservation of critical water and energy resources as well as analytical instrumentation used in the testing of water. As a pure player in the water and wastewater treatment Xylem provides innovative instruments that enhance water productivity, water quality and water resilience for utilities, industries and cities and decisively contributes to SDG 6 on access to water.

Key points

- Key figures: 100% water infrastructure, applications, and measurement & control solutions
- Sustainability opinion: Committed
- Transition: Environment
- Contribution: access to water
- Fosters increased access to water for vulnerable populations

11. **Disclaimer:** This information is provided by Mirova US LLC. This is general information only and does not take account of the investment objectives, financial situation or needs of any person. It is not investment advice and should not be relied upon in making any investment decision. Mirova US LLC is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Mirova US LLC is an authorised representative (No. 001277502) of Natixis Investment Managers Australia Pty Limited (AFSL 246830). Past performance is not a reliable indicator of future performance. Future results are impossible to predict. This article contains opinions, conclusions, estimates and other forward-looking statements which are, by their very nature, subject to various risks and uncertainties. Actual events or results may differ materially, positively or negatively, from those reflected or contemplated in such forward-looking statements.

12. [World Resources Institute Article dated 6 August 2019.](#)



T.Rowe Price¹³ Example: Nurturing Circular Economies - Trex

Pressure points

Plastic pollution is one of the most pressing environmental issues our planet faces. Over the past twenty years, annual plastic production and plastic waste generation have more than doubled. In 2019, only 9% of plastic waste was ultimately recycled, while 19% was incinerated and almost 50% went to sanitary landfills. The remaining 22% was disposed of in uncontrolled dumpsites. The carbon footprint of the plastics life cycle is significant, contributing 3.4% of global greenhouse gas emissions throughout their life cycle, coming primarily from their production and conversion from fossil fuels.¹⁴ Innovation in waste prevention and recycling, leading to more affordable solutions from the private sector, in tandem with more ambitious public policies, are paramount to reducing the environmental impact of plastics.

Impact thesis

Trex is a manufacturer of wood alternative composite decking products. Trex's manufacturing approach uses recycled materials as a feedstock to the extent it is possible. Recycled plastic film and reclaimed wood fibre make up 95% of its residential decking products.

Key performance indicator (KPI)

Amount of recycled plastic and wood used/ diverted from landfill (lbs millions).

Progress monitoring

During our engagement with Trex, we were pleased to learn that the company is making significant capacity investments to help meet rising demand in products using recycled materials. It was also encouraging to learn that the greater the investment in capacity, the greater the tonnage of plastic taken out of landfill. However, recycled plastic film supply is becoming a challenge due to new competitors entering the market, higher demand for recycled plastic content in packaging, and higher costs for non-recycled plastics. We are monitoring the firm's approach to supply challenges which includes a focus on contaminated and less consistent material streams as part of research and development, in addition to capturing post-consumer waste, dependent on quality and affordability versus competitors.

Five dimensions of impact

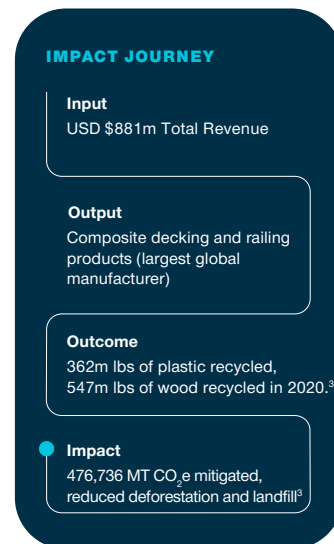
WHAT: Reducing plastic waste otherwise sent to landfill or oceans by recycling it as a feedstock, while contributing to forests preservation by using reclaimed wood fibre by-products (as opposed to cutting trees).

WHO: Planet

HOW MUCH: Largest manufacturer of composite decking globally with growth in capacity of 70% between 2019 and 2021.

CONTRIBUTION: Trex has completed a USD\$200m expansion plan while investing in material science and product development to be able utilise "cruder" and more contaminated feedstock. This will enable additional waste reduction.

RISKS: Trex's impact potential is tied to demand volumes and therefore linked to macroeconomic growth, as well as adoption of its specific composite products, which is inherently dependent on quality and affordability versus competitors.



Click to watch

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14. Source: OECD (2022), Global Plastics Outlook: Economic Drivers, Environmental Impacts and Policy Options.



T.Rowe Price¹⁵ Example: Nurturing Circular Economies - Keyence

Pressure points

While technological advances in manufacturing have contributed to material productivity gains over the past decades—a key component of economic growth—the sector is a significant source of waste. Manufacturing represented approximately 10% of total waste generated in the European Union in 2018.¹⁶ However, we are encouraged by efforts to address this through sustainable manufacturing practices. Driven by automation and innovation, sustainable manufacturing aims to redesign industrial processes to incorporate waste and emission reduction systems, while conserving energy and natural resources. Sustainable manufacturing also brings potential benefits to society by lowering input costs and improving employee and product safety.

Impact thesis

Keyence produces precision robotic vision-sensing systems primarily used in factory automation. The company's products include machine vision systems, code readers, laser markers, measuring systems, and static eliminators. They facilitate meaningful innovation, productivity, and cost reduction across many industries. They also deliver notable environmental and social impact by reducing manufacturing waste and improving product safety, especially in industrial, health care and consumer applications.

Key performance indicator (KPI):

Revenue exposure to vision-sensing systems.

Five dimensions of impact

WHAT: Improving manufacturing efficiency and reducing waste.

WHO: Planet.

HOW MUCH: Revenue was USD 4.9 billion for the 2020–2021 financial year (as at end March 2021).¹⁷

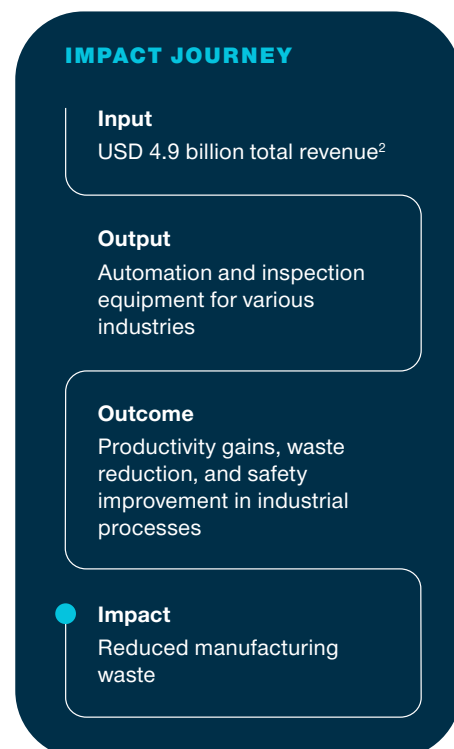
CONTRIBUTION: Keyence is a global leader in innovation in the field of automation, robotics, and productivity optimisation.

RISKS: Evidence risk; Disclosures require improvement to refine impact estimates.

EXECUTION RISK: System glitches can lead to product safety issues.

Progress monitoring

Keyence provides client testimonials about productivity gains following the installation of its system. We would like to see more quantitative data on efficiency gains, waste reduction, and workers' safety.



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16. Eurostat.

17. 2020-2021 financial year (as at end March 2021).



Harbour Example: Early Detection of Breast Cancer - Volpara Health Technologies

Impact thesis

Volpara Health Technologies is a leading breast cancer diagnostics company with a core mission to save families from cancer by preventing advanced-stage breast cancer through early detection technology. Using leading artificial intelligence to analyse breast screening images, Volpara’s technology leads to an increase in early cancer detection and can identify high-risk individuals that can get access to breast MRI or preventative action. There are now 68.4m images in Volpara’s database and each incremental image improves the efficacy of the software to continue improving health outcomes of women. While the company is pre-profitability, their technology is being used by an increasing number of screening clinics and hospitals as practitioners learn of the improved outcomes from this technology.



2,000+
facilities have installed Volpara software, including top US cancer centres



5,600+
technologists use Volpara to monitor performance.

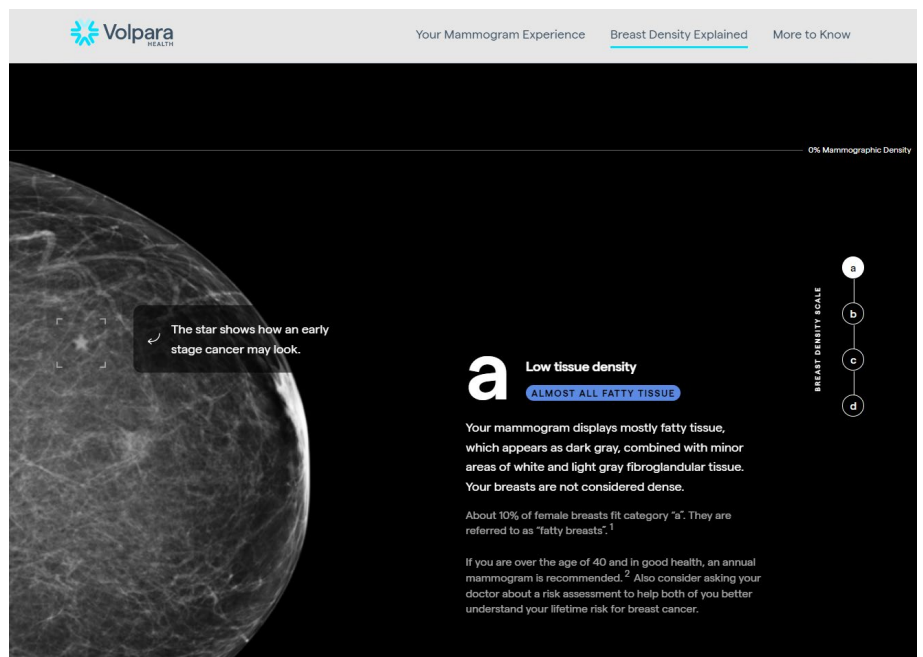
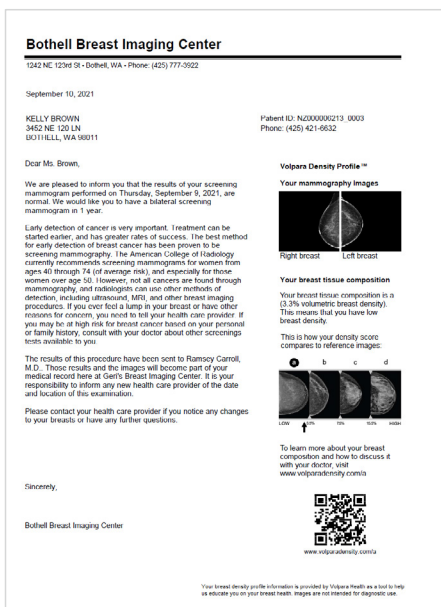


2.5m+
annual risk assessments.



16.5m
women impacted by a Volpara product

In addition to the core technology of analysing images, Volpara has built a communications platform that allows images to be shared with women, most of whom have never seen the results from their mammograms in the past. Images can be added to the patient letters and be accompanied by an analysis of the breast tissue composition, with a breast density score that indicates the risk of cancer. This allows breast care centres to communicate with women more effectively using image-enhanced reports to improve patient letters.



With breast cancer predicted to rise, Volpara technology could be a key difference in health outcomes through early detection. Volpara’s core business has a direct alignment with UN SDG 3 of Good Health and Wellbeing and sub-goal of reducing mortality rate attributed to cancer.



Mirova¹⁸ Example: Improved Access to Medicine - Eli Lilly

The company

Eli Lilly & Co. engages in the discovery, development, manufacture and sale of pharmaceutical products. Diabetes treatments represent about 50% of the company's sales. Obesity is considered by many as a 21st century epidemic and the WHO estimates that, globally, in 2016, over 1.9b people were overweight or obese, of which 650m are considered obese (tripled since 1975). The likelihood and severity of type 2 diabetes are closely linked with body mass index (BMI) and in the US about 40% of adults are obese. Thus, Eli Lilly is well-positioned to tackle the issue, considering its medical portfolio and geographic exposure.

Additionally, Eli Lilly is increasing its exposure towards innovative treatments, for example in oncology, or to treat unaddressed medical needs such as Alzheimers.

Addressing medical needs

Mirova seeks to invest in companies providing positive contribution to improving the conditions of individuals through provision of essential services. More specifically and among others, Mirova attempts to determine the extent to which the assets examined meaningfully enhance access to health services. The UN defined the reduction by one third of premature mortality from non-communicable diseases, which include diabetes, as a priority for 2030 through prevention and treatment and to promote mental health and well-being.

Solutions

Eli Lilly's portfolio positively contributes to global health. Indeed, 5 products account for 50% of total sales in 2020, treating diabetes 1 & 2 conditions, advanced non-small cell lung cancer, immunology treatment. Diabetes treatments represent about 50% of the company's sales. In the US, Lilly launched in 2019/2020 a non-branded version of its insulin treatments with a list price 50 percent lower than their brand name alternative. To date it is still difficult to understand how much these reductions in list prices will pass-through and actually benefit patients. Alongside, bio-similars and generics for diabetes treatment will be developed by other competitors, which is likely to finally break the oligopoly. In the meantime, we expect affordable programmes to constitute a minimum safeguard for the most unprivileged patients (unsecured, elderly, those under high-deductible plans).

Key points

- Key figures: 100% Prescription pharmaceuticals
- Sustainability opinion: Positive
- Transition: Demographic
- Contribution to improve health
- Significant Performance of Gender diversity Practices
- Offer \$35 of less monthly insulin
- Helped 1.5m people through patient support programs for Lilly medicines

18. **Disclaimer:** This information is provided by Mirova US LLC. This is general information only and does not take account of the investment objectives, financial situation or needs of any person. It is not investment advice and should not be relied upon in making any investment decision. Mirova US LLC is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Mirova US LLC is an authorised representative (No. 001277502) of Natixis Investment Managers Australia Pty Limited (AFSL 246830). Past performance is not a reliable indicator of future performance. Future results are impossible to predict. This article contains opinions, conclusions, estimates and other forward-looking statements which are, by their very nature, subject to various risks and uncertainties. Actual events or results may differ materially, positively or negatively, from those reflected or contemplated in such forward-looking statements.



Harbour Example: Supporting Gender Equality - Asian Development Bank

Description

ADB is a Philippines headquartered regional development bank. The US and Japan are the largest shareholders at 15.5% each while China has subscribed 6.4%. It is modeled on the World Bank and aims to improve economic and social outcomes in Asia. ADB issues 'themed' bonds aligned with SDGs across health, gender and education.

Impact thesis

Proceeds of ADB's gender equality bonds are used to fund projects which support the following:

- **Women's economic empowerment.** Access to finance and/or credit, micro, small, and medium-sized enterprise development, agriculture development, value chain support, financial literacy, and entrepreneurship training.
- **Gender equality in human development.** Education, skills development, and technical and vocational education and training, including 'non-traditional' female subjects and/or job sectors such as science and mathematics, engineering, technology, sexual and reproductive health and rights, sanitation, and prevention of gender-based violence.
- **Reduced time poverty of women.** Reduced drudgery and time spent on unpaid care and domestic work through infrastructure (transport, water, sanitation, energy), or, affordable child, elderly, or family care support.
- **Participation in decision-making and leadership.** Through community groups, local governments, and public and private sector management.
- **Women's resilience against risks and shocks including climate change and disaster impacts.** Environmental protection and/or rehabilitation, flood and disaster risk management, budget support, and social protection.

These outcomes are targeted either as part of the overall outcome of the project (a 'gender equity theme' project) or by incorporating them into specific project components (a 'effective gender mainstreaming' project):

Impact measurement

ADB provides transparency on all of the underlying projects but is yet to provide an impact report with aggregate impact measures.

Impact risks

ADB's programme is very well run with multiple layers of reporting and verification as monies are disbursed.

Example project

Sustained Private Sector-Led Growth Reform Program, Fiji. Covid-19 had a negative impact on private enterprise in Fiji. ADB, alongside lending from the World Bank, Asian Infrastructure Bank, Japan International Cooperation Agency and grants from the NZ and Australian Governments provided funding to the Fijian government which was used to support businesses. This funding was part of a programme of reforms that included support for women entrepreneurs and women-owned SMEs and the establishment of a cross-government and civil society working group on gender and Covid.



Harbour Example: Improving Access to Quality Education - IDP Education

Impact thesis

At IDP Education there is a strong belief that education can change the world. Its core business is assisting students and their families, largely in emerging markets, with preparation for and placement into higher education.

With a presence in over 50 countries, the company has the influence and reach to enact real change.



This year IDP sought to contribute specifically to the development of women through its community investment in India, with an approach that allows them to work closely with recipients as well as provide its people with an opportunity to give back to their community.

In partnership with Foundation for Excellence and Udayan Care, IDP, through its Digital Campus in Chennai, will fully fund the higher education of 165 women from disadvantaged backgrounds in the greater Tamil Nadu area. The company will also provide mentoring opportunities for recipients with volunteers from its people. Recipients will pursue higher education in the fields of engineering, technology, medicine, law, and pharmacy.

IDP knows education is the key to unlocking economic growth and that quality education fights inequality. The company's aim is that this program will provide opportunities not only for the female students, but for their families and communities too.

The Chennai program will formally begin in FY23. After a pilot year they will evaluate opportunities to improve and expand the program to other IDP locations.

This programme is something Harbour has expressed strong support for when engaging with the company. We will closely follow the results of the pilot and hopefully be in a position to report to you an expansion of the programme into new locations over time.





Mirova¹⁹ Example: Improving Access to Early Education - Bright Horizons

The company

As a provider of full-service childcare and early education services, back-up dependent care and educational advisory, Bright Horizons has solid exposure to the Demographics transition and the long-term trend toward two-parent working households. Additionally, Bright Horizons' solutions contribute to increased economic opportunity for women, on average.

Addressing wellbeing

For Mirova, the Well-being pillar seeks to capture the extent to which the entity assessed contributes to a transition towards better nutrition and health, to innovation in health, to the development of a better level of education or to progress in personal safety. In recent decades, the world's population has made considerable progress in certain areas, for example in increasing life expectancy or access to knowledge and culture. Nevertheless, more remains to be done. Combating diarrhoeal diseases, respiratory infections, malaria, cancer, AIDS, cardiovascular diseases, diabetes, and neurodegenerative diseases remain topics for further research. Improving people's health and avoiding accidents also requires better nutrition, healthier lifestyles, and safety innovations. Furthermore, maintaining our societies in a dynamic state of progress calls for increasing investment in the knowledge economy.

Solutions

Bright Horizons Family Solutions engages in the provision of childcare and early education, dependent care, and workforce education services. It operates through the following segments: Full-Service Centre-Based Child Care, Back-Up Care Services, and Educational Advisory Services. Bright Horizons' clients are not only individuals who use their care services; employers also provide sponsorship and capital investment to many of the company's care centres. This renders childcare services more accessible to parents employed by the sponsoring

employer. It has dedicated services for all age groups, including childcare centres, elder care, college advising and tuition/loan assistance, and resources for those with special needs. Thus, Bright Horizons services contributes to helping parents and especially women to balance work and personal life, enabling return to work and education support. Moreover, it ensures better education with affordable solutions for employees' families.

Key points

- Key figures: 100% of revenues from knowledge and education
- Sustainability opinion: Committed
- Transition: Demographics
- Contribution: access to education and gender equality
- Strong focus on quality of care and development programs for employees



19. **Disclaimer:** This information is provided by Mirova US LLC. This is general information only and does not take account of the investment objectives, financial situation or needs of any person. It is not investment advice and should not be relied upon in making any investment decision. Mirova US LLC is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Mirova US LLC is an authorised representative (No. 001277502) of Natixis Investment Managers Australia Pty Limited (AFSL 246830). Past performance is not a reliable indicator of future performance. Future results are impossible to predict. This article contains opinions, conclusions, estimates and other forward-looking statements which are, by their very nature, subject to various risks and uncertainties. Actual events or results may differ materially, positively or negatively, from those reflected or contemplated in such forward-looking statements.

SOCIAL

Social Inclusion



T.Rowe Price²⁰ Example: Enabling Social Equity - Intuit

Pressure points

In the U.S., small businesses account for 99% of all firms and are key to job creation and economic growth.²¹ Unfortunately, by the end of their fifth year, the survival rate of U.S. small businesses is only 50%.²² With cash flow pressures being the main reason for failure for 29%²³ of start-ups, overcoming financial and regulatory challenges is key to unlocking growth potential. However, access to funding from traditional financial institutions can be a challenge. Online financing helps improve SMEs' financial inclusion, often providing faster access to credit than traditional lenders and can offer loans with short-term maturities.

Impact thesis

Intuit developed a set of integrated digital productivity solutions that help with the development, formalisation, and growth of SMEs and sole proprietors. They help accounting professionals, employees, and consumers overcome financial and compliance challenges at a lower cost (e.g., payroll, time tracking, and financial and taxation compliance). Intuit also provides capital to SMEs. In addition, new offerings enable SMEs to better access and expand their end markets. We measure the impact on SMEs by reporting on the number of SMEs served and their success rate.

Key performance indicator (KPI)

Number of SMEs supported

Five dimensions of impact

WHAT: Supporting decent jobs and fostering economic development

WHO: SMEs, self-employed, unemployed, individuals in vulnerable jobs in the U.S.

HOW MUCH: 102 million customers including 8 million SMEs and self-employed individuals served across all platforms as at financial year 2021, a 79% year-over-year increase. It is estimated that the term loans issued to SMEs by Intuit in 2020 (USD 243 million) helped create 8,721 new jobs.²⁴

CONTRIBUTION: Intuit set ambitious SME enablement goals for 2025: double the household savings rate, improve the small- and medium-sized business success rate by 10 points versus industry standard, and serve 200 million customers. For the five-year period to end 2020, the survival rate of new SME accounts opened on Quickbooks is 69%, 19% more than the national average.²⁵

RISKS: Lack of financial literacy, market over saturation leading to client over-indebtedness, and new SMEs engaging in harmful social and environmental practices.

Progress monitoring

We are monitoring Intuit's progress toward its 2025 goals and its ability to make financial management, taxation, and related software accessible.

IMPACT JOURNEY

Input

USD 7.67 billion total revenue⁵

Output

Digital platform providing solutions to help SMEs and consumers overcome financial and compliance challenges

Outcome

Over 50 million customers including 8 million SMEs and self-employed served across all platforms; SME survival rate improved⁵

Impact

Supporting job creation, entrepreneurship, and innovation via enablement of SMEs

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21. "The State of Small Business Lending: Credit Access during the Recovery and How Technology May Change the Game," Karen Gordon Mills Brayden McCarthy, 2014.

22. Bureau of Labor Statistics

23. Lendingtree, CB Insights

24. Net purpose

25. 2020 Financial year annual report

SOCIAL

Thriving Communities & Infrastructure



Harbour Example: Contributing to Sustainable Cities - Goodman Property Trust

Company description

Goodman Property Trust (GMT) is an Auckland focused industrial real estate investment trust (REIT). Goodman's property portfolio metrics such as occupancy are very strong, as is the current outlook for warehouse space given a Covid-induced desire for higher inventory levels and a continued shift to online retail which requires fulfillment space. This demand backdrop comes amid low development activity.

Green bonds

Unlike shares which fund an entire company, bonds can be raised to fund specific assets or projects. This has led to the development of various types of labeled bonds (as with Spark's sustainability-linked bonds explained [here](#)), including the most prevalent 'green bonds'; bonds backed by 'green' assets.

While voluntary frameworks have been created to guide the labeling of bonds, however, it is our belief that these frameworks, and their application, do not necessarily directly link the bond label to impact. Instead, we have built internal frameworks to qualify bonds, regardless of labeling.

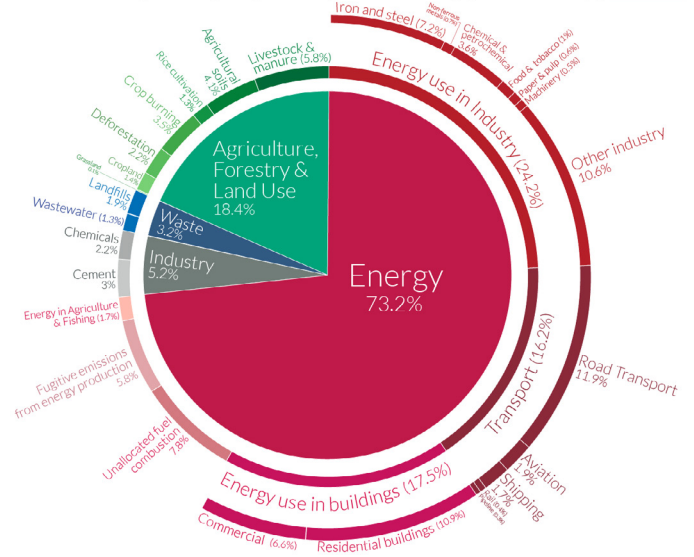
Green property bonds

Buildings have a material emissions footprint. Building green buildings contributes to SDG 11: Sustainable Cities and Communities. When considering the footprint of a new building, sometimes the best decision for an environment is to leave an existing building rather than demolish it to develop a new building. For this reason, we consider existing assets to be valid 'green' assets for green bonds.

However, to be clear, we do not consider simply NOT knocking down a building to be impact. Impact is building a new sustainable building or upgrading an existing building.

The first step of Harbour's framework is to establish whether the borrower is genuine with its sustainability platform. We then ask if the assets backing the bonds are making an impact – have they been built or upgraded in the last five years? Finally, we ask if the assets are of sufficiently high environmental standards as certified by benchmarking agencies NABERS or the Green Building Council.

Global greenhouse gas emissions by sector
This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO₂eq.



OurWorldInData.org - Research and data to make progress against the world's largest problems. Source: Climate Watch, the World Resources Institute (2020). Licensed under CC-BY by the author Hannah Ritchie (2020).

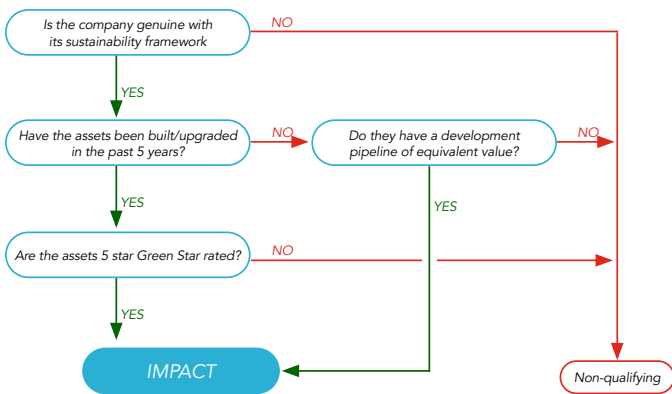
SOCIAL

Thriving Communities & Infrastructure

11 SUSTAINABLE CITIES AND COMMUNITIES



Harbour's property bond framework



Goodman Property's green bonds

GMT's green bonds are supported entirely by new development. Further, GMT's sustainability policy dictates that **any** new builds (i.e. not just those supported by green bonds) will be carbon neutral with offsets purchased equal to the building footprint that cannot be eliminated with design choices. This is materially stronger backing than that of some other REIT green bonds which have not qualified for the Fund.

Sustainability targets

In our opinion, GMT's sustainability initiatives demonstrate sector leadership, backing up the strength of its green bond framework. The company has set itself the below meaningful targets:

- Carbon neutral operations by 2025
- 100% of the portfolio to have LED lighting by 2025
- 2MW of solar energy installed by 2025
- Accelerated replacement of R22 HVAC refrigerant

Sustainability in action

GMT attempts to reduce its footprint in the demolition stage by avoiding waste to landfill. When developing a twin warehouse site for Mainfreight in Favona Road Estate, GMT was able to reuse 90% of the materials from the demolition of the existing Turner's & Growers' site. The manager feared the glass panels from the hothouses

would end up in landfill but managed to work with nearby company Phoenix Metal Recyclers who used the scrap in their glass insulation product. The concrete was also crushed and the aggregate reused. However, not all sites will present this opportunity.

Impact measurement

Measurement provides a proof point of impact. We have engaged with GMT's management encouraging disclosure on the performance metrics that are inputs to each building's Green Star rating²⁶. Management is striving to collect and share data that spans the entire property portfolio. In the absence of summary metrics that evidence impact in terms of the improvement GMT's actions have made, we cite the following measures of Goodman's sustainability initiatives:

- 400,000l of rainwater harvesting for non-potable use in toilets and irrigation
- 1.1MW of solar energy installed (or in progress)



26. For more information on Green Star ratings see [here](#).

ACTIVE OWNERSHIP

Company Engagement

Harbour is an active owner across all funds it manages.

The main touch-point for engagement is the Harbour Corporate Behaviour Survey (CBS). Harbour's analysts conduct this survey annually with the top 50 NZX companies. The survey consists of 84 questions and over its 12-year history has proven to be a useful tool in objectively approaching the environmental, social and governance performance of companies. Analysts use the survey as a tool to initiate conversations with management and the board on corporate behaviour standards.

Additional impact-focused engagements are undertaken with management of companies held in the Fund. In its inaugural year, these engagements have been focused on receiving enough information to appraise and measure a thesis.

Future engagements will focus on encouraging more progress. We have found engagement to be more productive if we are clear and consistent in the message we provide to management. Our strong preference is to achieve change without involving public media as we consider this may be counterproductive to securing long-lasting change.

Years of constructive relationships with company executives and board members as well as Harbour's significant \$6.7bn in assets under management (as at 30 June 2022) combine to give Harbour's analysts' views influence.

Engagement Examples

Harbour example: Kathmandu - sustainability and supply chain

Kathmandu (owned by KMD Brands) is a consumer discretionary company focused on getting consumers into the ocean or the outdoors. From a sector perspective, it faces a much higher hurdle to meet certain impact criteria. How can endorsing consumerism be impactful?

We think there is a strong argument to be made towards responsible consumption and the bigger the company, the more important this becomes. Small producers and brands can command full control of their respective supply chains, especially if dealing with locally sourced raw materials. It is much more complex when you are large and have a broad manufacturing base.

Therefore, to better understand the efforts by Kathmandu in supply chain, we commenced an in-depth programme of engagement to gain comfort around key risks. This meant multiple engagements with several layers of management, including the KMD Brands CEO & CFO, Kathmandu Brand CEO, Head of Product Innovation and Product Sustainability, GM ESG & Social Impact Manager. In addition to our internal scrutiny, we talked to globally recognised leading brands in the same industry for their views of Kathmandu's performance in ethical sourcing, fair labour practices and sustainable material choices – all of which endorsed Kathmandu's leading role in improving supply chain practices for all stakeholders.

We view Kathmandu as one of the global leaders moving an entire industry towards better practices across ethical sourcing, sustainable material choices and modern slavery intervention. Its impact stretches far beyond the health benefits from getting consumers outdoors and active.

Beyond the apparel industry, Kathmandu cornerstones New Zealand's proposed modern slavery legislation as a key corporate adviser on the legislative draft. Further, Kathmandu co-founded New Zealand's first cross-industry forum to address challenges and controversies in supply chain. Kathmandu is an agent for change across multiple SDGs and as shareholders in KMD Brands, we are actively advocating with management and board for continued work on raising the bar.

Australasian Impact Equities Portfolio Manager Øyvinn Rimer
at Outdoor Retailer Conference, Denver, Colorado 2019

Harbour example: Woolworths Group

We held a call with members of both Woolworths' sustainability and treasury teams. We are supportive of the sustainability-linked bonds which are linked to Woolworth's greenhouse gas emissions reduction target. Our assessment is that packaging and food waste is Woolworth's largest sustainability opportunity, and we therefore expressed a view that we would be even more supportive of bonds that were linked to a waste reduction.

The engagement was focused on understanding what Woolworths are doing to encourage circularity. We note some strong initiatives, particularly in committing to reduce single-use plastic from own-brand products by 2025. We think this adds credibility to the influence the group can have on suppliers. We initially felt skeptical about Woolworths' supplier guidelines which prioritised certain plastics over compostable packaging, however, after speaking to a local commercial compost manager and sustainability experts, we support Woolworths' packaging hierarchy. Additionally, we were able to make a number of simple recommendations to strengthen Woolworths' efforts:

- Reinforcing the most important packaging design principles of 'reduce and reuse' on supplier packaging guidelines. Currently the guidelines focus on types of packaging.
- Favouring including recycling 'numbers' over broad recyclability statements to help consumers navigate local collection rules.
- Finding ways to enforce or incentivise adherence to the guidelines.
- Helping the consumer recycle.

As with all engagements, this will be most effective if we can repeat a consistent message. We shall continue to voice this over the coming year.

Harbour example: Macquarie Group - deploying capital for climate outcomes

In the last year Harbour has had two key engagements with Macquarie Group on climate and more general ESG matters.

Macquarie is one of the largest developers and enablers of renewable energy in the world. The Group currently has over 300 green projects under development or construction with a pipeline in 2021 of over 35GW of renewable energy. Macquarie will release their 2022 Sustainability Report in October that will outline a Net Zero Plan for the whole Macquarie Group and provide detailed annual progress reports. Our sense from the engagement is that this report will be detailed and cover the full range of emissions from transport, agriculture, real estate, waste and industry. Although we highly rate Macquarie on climate action, they are also active across social and disability housing, water and food supply,

education, and natural solutions.

We engaged with Macquarie in November 2021 and met with them in May 2022 to get a further understanding of specific impactful investments in the Green Investment Group (GIG) and Macquarie Asset Management (MAM). We have also discussed Macquarie's ESG outcomes with independent analysts. Our clear view is that Macquarie's vision is strongly anchored in ensuring that the capital they allocate is purposeful.

Harbour example: Real estate green bond issuers - green credentials

Some engagements are specific to a company while in other instances it is useful to engage regarding an issue across an industry.

As part of our qualification process, we engaged in parallel with each of the four real estate investment trusts that issue green bonds in New Zealand. The objective of this engagement was to benchmark each issuer and outline our threshold for qualifying for the Fund with the view that company management will respond to this feedback in order to attract more capital.

As outlined in the [Goodman Property case study](#), the 'green bond' label is not a sufficient qualifier of impact. Green bonds are backed by assets a company classifies as green. It is our assessment that the Fund's investors view impact in the present and future tense, rather than past. While it is important all buildings, including aged buildings, have modest footprints, impact is about positive change. For example, while at the time of its completion in 2000, Auckland's Vero Centre, a property backing one issuer's green bonds, was considered a sustainable design, investing in this building now is not creating impact.

The recency of developments, or better still, retrofitting of energy efficient systems, is an obvious impact dimension. The other less transparent dimension being appraised is the degree of 'greenness' of the properties. This was the primary focus of engagements.

The main measures of a building's green credentials are ratings provided by NABERS NZ as well as the New Zealand Green Building Council's Green Star ratings. These ratings are useful tools, but further scrutiny is required.

New Zealand's largest property owners are yet to have obtained ratings for each building in their portfolio. We have encouraged more widespread adoption of ratings across portfolios, including sub-par buildings, to assist with benchmarking exercises, which is difficult at present given the self-selection bias. Further, in qualifying investments for the Fund, an investment thesis must also consider if the company is creating significant harm beyond the positive contribution they are making. For this reason, we appraise the sustainability of the entire property portfolio.

NABERS ratings are driven by energy efficiency whereas Green Star ratings take a more holistic approach considering factors such as proximity to public transport. We have engaged to receive disclosure on the underlying data that drive the ratings in order to be able to make more meaningful comparisons. Ratings are also a blunt tool with most ratings falling within three increments (3-5). More granular data would assist portfolio-wide comparisons.

We have encouraged owners to seek ratings across their portfolios while also providing more granular data. We expect the best issuers to respond.

Based on our engagements, two issuers have qualified for the portfolio. [Goodman Property](#) as profiled earlier, and Precinct Properties who were able to provide insight into how they appraise the sustainability of a refurbishment versus demolition and complete rebuild.

Mirova example: Thermo Fisher Scientific - human rights

Human rights can be infringed by the misuse of some companies' products and Mirova expects the implementation of meaningful policies and measures to avoid it. In 2019, Thermo Fisher announced it would stop selling DNA equipment to Xinjiang (China) due to the mass surveillance program organized by local authorities. Such a decision seemed necessary to ensure that these products were not misused against local population, nevertheless, it was not considered sufficient to address all related risks.

Mirova engaged with the company repeatedly during the year to be provided with evidence that the company appropriately addresses the risk of diversion of the intended use of the products. The company confirmed the topic was raised to the Bioethics Committee consisting of key officers, and leaders representing its life sciences and diagnostics businesses and legal and communications functions. The overarching goal of the Bioethics Committee is to ensure that Thermo Fisher continues to engage in transparent, ethical business practices. Following a few fruitful discussions, the company shared a document clarifying the policies implemented to ensure responsible use by direct and indirect buyers, such as distributor requirements, trainings and compliance programs.

T. Rowe Price example: Linde - decarbonisation initiatives

T. Rowe Price discussed how Linde is helping customers on the path to sustainability through a focus on reducing emissions in heavy industries. Currently, the company estimates that 50% of its portfolio revenue is derived from environmental and social sustainability activities.

Linde sees broad opportunity to contribute to decarbonisation efforts through its carbon solutions

business line, which helps customers reduce or capture emissions, and the development of clean hydrogen as fuel.

The company's own greenhouse gas emissions are split roughly equally between scope 1 and scope 2. On scope 1 emissions, Linde has a clear road map for reducing the carbon intensity of its facilities, and management is clear that they will be held accountable for meeting and exceeding their targets. On scope 2, it is striving for the greening of grids and is co-investing with developers to create projects that help make infrastructure more sustainable.

Linde tracks environmental, social, and governance metrics each month, and progress toward goals is measured. The company is thinking about how to provide more visibility on this.

T. Rowe Price was pleased to see that Linde saves its customers twice the emissions that it generates, but T. Rowe Price suggested an improvement in this ratio would help Linde's impact thesis.

T. Rowe Price recommended that Linde set carbon reduction targets on an absolute basis in addition to carbon intensity targets. Updates will be monitored on the company's initiatives to decarbonise its operations in the short to medium term. T. Rowe Price also recommended that Linde consider accelerating its green hydrogen initiatives and will continue to monitor Linde's green hydrogen strategy closely.

Proxy Voting

Proxy voting is an aspect of Harbour's active ownership strategy. We would emphasise that engagement plays a larger role in driving a company's impact, however proxy voting is an important part of responsible stewardship and can reinforce engagements, particularly by reinforcing best practise governance structures which are likely to better reflect stakeholder preferences.

Harbour utilises a third-party proxy advisor, currently ISS Proxy Exchange. Harbour analysts evaluate ISS' recommendations and vote according to the principles outlined below.

Since the Fund's inception date, on 1 December 2021 to reporting date of 30 June 2022, only one of the directly held portfolio companies held its annual general meeting. At that meeting we voted in favour of 4 of management's proposals and against 2, both of which related to executive compensation. These votes against management were in line with principles-based guidance provided by ISS Proxy Exchange.

Several annual general meetings are held in August or September and therefore more statistics will be available in future years' impact reports.

In forming our decision on proxy voting resolutions, as a general guide, we promote the following principles to encourage leading practice in ESG management. However, each resolution is assessed on a case-by-case basis and there may be circumstances where our vote deviates from these principles.

Principles

BOARD COMPOSITION: The Board should comprise a majority of independent directors, subject to them contributing valuable skills and experience, with an adequate level of diversity across the Board. The roles of CEO and Chairperson should be separate, and Board sub-committees should be majority represented by independent directors.

EXECUTIVE/DIRECTOR REMUNERATION: Companies should report sufficient information on their executive remuneration structure including vesting schedules and performance hurdles on their incentive schemes. Director fee assessments should be benchmarked to an appropriate peer set that covers considerations such as geography, industry, complexity and size of the business.

CLIMATE CHANGE: Companies should be transparent and provide disclosure on their emissions metrics and targets and how they plan to meet them especially if they are materially exposed to the effects of climate change.

HUMAN RIGHTS: Any material human rights risk identified by a company should be properly assessed and reported to stakeholders with appropriate action taken to mitigate any incidence of labour abuse or human rights violations.

The Harbour Proxy Voting Policy can be found in our Stewardship Policy located on [this page](#) on our website.

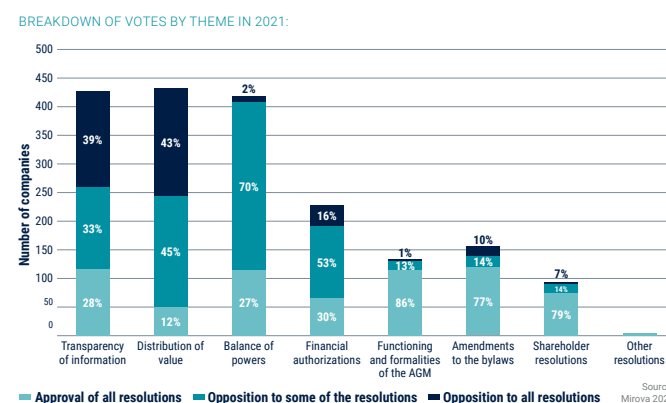
Data for the external managers is for the year ended 31 December 2021 and provides an illustration of both managers' voting practices.

T.Rowe Price proxy votes (2021 calendar year)

705 Votable Items				Items Not Voted			
Items Voted				Items Not Voted			
688				17			
Management Proposals	# of Proposals	% With Mgmt.	% Against Mgmt.	Shareholder Proposals	# of Proposals	% With Mgmt.	% Against Mgmt.
Elect Directors (Uncontested)	332	97%	3%	On Social, Political, or Environmental Matters	11	64%	36%
Management Compensation: Say on Pay and Equity Plans	104	82%	18%	To Adopt or Amend Shareholder Rights	5	60%	40%
Routine Business and Operational Matters	96	95%	6%	Amend or Remove Takeover Defenses	1	-	100%
Capital Structure Items	84	99%	1%	Related to Director Policies	1	-	100%
Appoint Auditors/Approve Auditor Fees	41	100%	-	Related to Routine Business and Operational Matters	1	100%	-
Other	12	100%	-				
Total	669			Total	19		

T. Rowe Proxy Disclaimer Proxy data for the Global Impact Equity Strategy from March 24, 2021, through December 31, 2021. Aggregated data include votes cast across all products in the strategy.

Mirova proxy votes (2021 calendar year)



Mirova proxy disclaimer: The information provided reflects Mirova's opinion and are subject to change without notice. Mirova voting and engagement policy as well as transparency code are available on its website. For more information on our methodologies, please refer to our Mirova [website](#). For more information on our engagements, please refer [here](#). Mirova voting and engagement policy as well as transparency code are also available on its website.

APPENDIX

Portfolio Holdings

ENVIRONMENTAL

Climate Change Mitigation



A detailed list of all Issuers within the Impact Fund that align with these SDGs.

ISSUER	IMPACT RATIONALE	MEASUREMENT
Atlassian Corp PLC	Atlassian is an operator of task-sharing technology platforms. Its products improve remote collaboration and efficiency through cloud-enabled technologies, while reducing travel and associated carbon footprint.	Energy saved through use of products
Auckland Council Bonds	The proceeds of the Council's green bonds fund a portfolio of assets Harbour deems to be genuinely green and improving environmental outcomes including electric trains, cycleway expenditure and rehabilitation of Puketutu Island.	Various including GHG reductions and public transport utilised
Brookfield Renewable Partners	Brookfield Renewable is a pure-play solar, wind & hydro electricity provider, oriented towards the generation of zero carbon electricity across multiple geographies. It is also investing in carbon capture solutions.	GWh energy generated from renewable sources
Calix Ltd	Calix is an industrial technology company that provides solutions across several industries to decarbonise. The primary opportunity for Calix is to decarbonise the cement and lime industry – the largest contributor of man-made GHG emissions at 8% of total emissions. Through its low emissions intensity lime and cement (LEILAC) kiln that not only can run on 100% renewable energy (unlike any other kiln that uses internal combustion and fossil fuels), but also provides the lowest-cost carbon capture solution among alternative technologies. In addition to cement and lime, Calix is also active in water treatment and more recently have entered the lithium processing business, providing a pathway to decarbonise and improve efficiencies in lithium hard rock mining.	Number of committed installations of LEILAC kilns. Size of committed installations of LEILAC kilns (in ktpa of CO ₂ capture capacity).
Chart Industries Inc	Chart Industries is an enabler of green hydrogen. Currently, it provides equipment and engineered systems used to cool gases (often to cryogenic liquid temperatures) and then transport and store them as liquids. The company's E&C Cryogenics segment's services will be a key enabler of hydrogen production as the technology comes down the cost curve.	Proportion of revenue from hydrogen products
Contact Energy Ltd	While gas contributes c.10% of Contact's generation portfolio, the company is actively migrating to renewable sources having announced at 2023 closure of its Taranaki combined cycle gas plant. To replace this lost capacity Contact is developing its new 168MW Tauhara geothermal field.	GWh Renewable energy generation
Fortinet Inc	Fortinet is a leading global network security provider to SMB, enterprise, and telecom service providers. Their cloud-based security solutions help reduce the environmental footprint of their customers. Fortinet's core offering is its next generation firewall appliance, the FortiGate, which is available as both an on-premise firewall and a virtual private firewall for cloud-based workload.	Energy saved through use of products
Hubbell Inc	As an electrical equipment and power systems provider, Hubbell enables the transition to renewable energy in many ways. Hubbell Power Systems products help conduct power across the electrical grid infrastructure safely and conveniently. They also provide solutions for wind turbines and solar panels and smart infrastructure solutions via Chance and Aclara.	Proportion of revenue from electrification of grid. Energy saved through use of products.

ISSUER	IMPACT RATIONALE	MEASUREMENT
Humm Bonds	Humm's financing enables homeowners to easily purchase rooftop solar without having to vary mortgages (and incur fees etc.). This is an Australian transaction where new renewable generation has a meaningful impact in displacing coal.	MW renewable energy generation capacity
Iberdrola SA	Iberdrola is the world leading utility in wind and solar generation with about 20% of generation capacity coming from alternative energy. The company has divested completely from coal and has doubled its offshore wind pipeline in the last 18 months and expects to double its renewable capacity by 2030. It is very well positioned to address increasing demand for alternative energy.	GWh energy generated from renewable sources
IFC Bonds	These bonds are backed by a portfolio of lending that World Bank division IFC undertakes in developing countries to support projects in energy efficiency, renewable energy, resources efficiency, cleaner technology production, sustainable forestry and other financial intermediaries that on-lend to smaller projects of the same nature.	Reduction in GHG emissions
Linde PLC	Linde is a key enabler of green hydrogen and carbon capture and storage (CCS) technologies. It has already started building what will be the world's largest PEM (Proton Exchange Membrane) electrolyser in Germany when it comes into operation in 2022. We believe that Linde will play a key role in enabling the development of this zero-carbon fuel source given its leading position in hydrogen production and infrastructure.	Emissions mitigated through use of products
Manawa Energy Bonds	Manawa Energy (formerly TrustPower) has a 100% renewable energy portfolio. It has plans to expand its generation capacity including in a programme of enhancing existing assets with upgrades that will realise c. 68MW of additional output in the next five years and in March 2022 announcing a JV with Hawkes's Bay airport for a 24MW solar farm.	GWh Renewable energy generation
Mercury Energy Bonds	Mercury continues to develop its renewable energy generating fleet, helping NZ transition away from the remaining thermal assets. It is expected to complete construction of New Zealand's largest wind farm in 2023.	GWh Renewable energy generation
Mercury NZ Ltd	Mercury continues to develop its renewable energy generating fleet, helping NZ transition away from the remaining thermal assets. It is expected to complete construction of New Zealand's largest wind farm in 2023.	GWh Renewable energy generation
Meridian Energy Ltd	In conjunction with Contact Energy, Meridian has been proactive in encouraging energy intensive sectors, such as data storage, to migrate to New Zealand and appears likely to progress with a large-scale battery that would better utilize excess hydro capacity in the event of NZAS decamping.	GWh Renewable energy generation
NextEra Energy Inc	NextEra Energy is a leader in renewable energy generation in the United States and is the largest investor in renewables globally. As of 2020, 56% of NextEra's revenues are aligned to our Climate Change Mitigation sub-pillar, with 28% of revenues derived from renewable energy generation and 28% of revenues related to electricity transmission and distribution.	GWh energy generated from renewable sources
Nibe Industrier AB	Nibe Industrier is an international heating technology company, contributing to better energy efficiency. The company is organized around three business areas: climate solutions (65%), element (26%) and stoves (9%) that develop, manufacture and market a wide range of eco-friendly solutions for indoor climate comfort in all types of properties.	Emissions mitigated through use of products
Orsted AS	Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and bioenergy plants. From wind farms to energy storage and bioenergy, to green hydrogen, Ørsted are taking real action to create a world that runs entirely on green energy. They are innovative and exploring new areas e.g., building a world first bio-plant to commercially use enzymes to convert household waste into energy.	GWh energy generated from renewable sources

ISSUER	IMPACT RATIONALE	MEASUREMENT
Osho	Osho is reimagining home electrical energy management. Via intelligent, futureproofed proprietary hardware, Osho will be enabled to execute a SaaS based business model whereby its self-learning system will generate diverse financial benefits for customers.	Energy saved through use of products
ROCKWOOL A/S	Rockwool is a large-scale manufacturer of stone wool insulation, which helps to improve the energy efficiency of buildings and will play a key role in the EU's renovation wave.	Emissions mitigated through use of products
Salesforce Inc	Salesforce is a cloud technology enabler, transferring clunky and less energy efficient on-premise CRM systems to the cloud. Additionally, Salesforce provides innovative software solutions.	Emissions mitigated through use of products
Schneider Electric SE	Schneider Electric provides a wide range of products that promote electrification as well as industrial automation. The company aims to achieve carbon neutrality across scope 1-3 emissions by 2030.	Emissions mitigated through use of products
SeaChange	SeaChange is changing the face of ocean transport with the development of high-speed, electric-powered hydro-foiling passenger and car ferries designed to disrupt high-cost airfreight supply chains and existing ferry services. From their base in Marsden Point, New Zealand, they will bring a new type of ocean carrier to the world.	Emissions mitigated through use of products
ServiceNow Inc	ServiceNow is a leading cloud technology enabler reducing time to market across many business processes. The company's products allow for more efficient digital workflows that improve productivity and allow for better resource efficiency.	Emissions mitigated through use of products
Shoals Technologies Group Inc	Shoals Technologies provides next generation equipment for large scale solar power generation, with a focus on ease of installation and maintenance.	GWh energy generated from renewable sources using firm's products
Sika AG	Sika develops and offers innovative technologies which allow the construction and transportation industry to be more sustainable, helping customers construct healthier, safer and lower carbon footprint buildings and vehicles. Today, 70% of sales are generated by products that have a positive environmental impact (with a target to increase this to 80%) such as concrete additives/admixtures (reducing CO ₂ emissions by up to 25-35% per tonne and ambition to increase this to 50%).	Emissions mitigated through use of products
SolarEdge Technologies Inc	SolarEdge has invented an intelligent inverter solution, which maximizes power generation at the individual module-level while lowering the cost of energy produced by solar systems.	GWh energy generated from renewable sources using firm's products
Spark Bonds	Telecommunications provider Spark has issued sustainability-linked bonds which create a financial incentive for it to reduce emissions consistent with a 1.5-degree science-based reduction target.	Reduction in GHG emissions
Sunrun	Sunrun is the leading US residential rooftop solar and storage provider. While providing households a renewable energy alternative, it can offer customers a 10-40% saving to average utility bills. Furthermore, the battery solution offers customers back-up power during power outages. Residential solar is a cost-effective way to modernize infrastructure making it more environmental, resilient and affordable.	Emissions mitigated through use of products
Syrah Resources Ltd	Syrah Resources' primary business activity is to extract graphite for the use as anode material in Li-ion batteries for electric vehicle.	Tonnes of graphite sold (proxy for ICE vehicles displaced)
Tesla Inc	TSLA is accelerating the world's transition to sustainable energy with electric cars, solar and integrated renewable energy solutions for homes and business. TSLA is a leading manufacturer of EVs and AVs that replace ICE vehicles and help avoid associated GHG emissions. TSLA is also a provider of charging infrastructure which facilitates increased adoption of electric vehicles. TSLA also provides energy storage products and solar energy offerings.	Number of EVs on road. Emissions mitigated through use of products.

ISSUER	IMPACT RATIONALE	MEASUREMENT
Trane Technologies PLC	Trane Technologies is an air conditioning, heating and refrigerated transport manufacturer. Its products utilise less F-gases than existing technologies. The company has a strong focus on continually improving the sustainability of its products and leveraging data and digital connections to do so. As of 2019, Trane had already reduced carbon emissions from its products by 50% and the company has committed to reducing its customers' carbon emissions by 1 gigaton by 2030.	Emissions mitigated through use of products
UBCO	UBCO bikes are two-wheeled electric bikes adapted for off-road or on-road use. On-road uses include last-mile delivery drivers, with a partnership with Domino's pizza. While off-road uses include farm utility vehicles, targeting decarbonisation of a segment of transport previously thought unlikely.	Number of UBCO bikes sold; number of distribution partnerships
Vestas Wind Systems A/S	Vestas is the energy industry's global partner on sustainable energy solutions. The company has collaborated with its closest stakeholders to install more than 80,500 wind turbines in 85 countries (Q3 2021). Vestas remains at the forefront of the transition towards affordable and clean energy - delivering between 30 and 50 units of energy back to society for every unit needed in the life cycle of a Vestas wind turbine. Vestas' 15 megawatt turbine will be the world's largest when it comes into use in 2024, with capacity to power 20,000 households.	Energy saved through use of products
Waste Connections Inc	Solid waste collections and disposal company. Waste Collections is making significant investment in converting biogas from its landfills into energy as well as automated technology to recycle and avoid landfill.	Emissions mitigated through use of products
Woolworths Sustainability-Linked Bonds	Woolworths' sustainability-linked bonds create an incentive for the company to meaningfully reduce the GHG emissions. Specifically, Woolworths has set a 2030 GHG scope 1 and 2 emissions reduction strategy in line with a 1.5° Paris Agreement Scenario, as verified by SBTi.	Emissions reduction
Zoom Video Communications Inc	Zoom provides video conferencing services, which help to improve connectivity and reduces the need for travel.	Emissions mitigated through use of products

ENVIRONMENTAL

Natural Capital



A detailed list of all Issuers within the Impact Fund that align with these SDGs.

ISSUER	IMPACT RATIONALE	MEASUREMENT
American Water Works Co Inc	American Water Works is connected to the Environmental transition, particularly resource (water) efficiency. American Water Works is a U.S. and Canada water utility company primarily devoted to regulated operations. Hence, American Water's activities and investment in water infrastructures (asset renewal and capacity expansion driven by increasing constructive regulatory policies) are considered as a water-efficiency operations. The company is a member of the Bloomberg Gender Equality Index 2022 and has been named one of the world's top ten most sustainable corporations.	Litres of water saved.
Ball Corp	Ball Corporation supplies innovative, sustainable aluminium packaging solutions for beverage, personal care and household products customers, as well as aerospace and other technologies and services to commercial and governmental customers.	Recycled aluminium used in new cans
CarbonCrop	CarbonCrop uses artificial intelligence and remote sensing to make it easy and profitable for landowners worldwide to protect and restore forests. The result is stronger farm economics, less carbon in the atmosphere heating up the planet, and improved climate resilience and biodiversity of our landscapes.	Number of farms using technology
Croptide	Croptide's vision is for every grower to know the nutrient, health, and water status of every plant. With water scarcity caused by climate change an increasing problem globally, much higher precision management will become a necessity.	Number of growers using technology
Ecolab Inc	Ecolab sells cleaning products and services to restaurants, hotels, hospitals, food and beverage producers and other businesses. The company has a particular focus on energy and water efficiency. Ecolab has developed a range of products and services that help to reduce, and in some cases even eliminate, the use of water in a wide range of industrial applications. In turn, this helps to lower costs through a reduction of energy and water impacts.	Litres of water saved by firm's products
KMD Brands Ltd	Kathmandu (owned by KMD Brands) is a consumer discretionary company focussed on getting consumers into the ocean or the outdoors. We view Kathmandu as one of the global leaders moving an entire industry towards better practices across ethical sourcing, sustainable material choices and modern slavery intervention. Its impact stretches far beyond the health benefits from getting consumers outdoors and active.	Waste diverted from landfill; Packaging made from recycled or recyclable materials; tracking against responsible material use targets
Mueller Water Products Inc	Mueller Water Products is a pure play on water infrastructure which enables sustainable management and efficient use of natural resources. The company operates in two segments: Mueller Co, a manufacturer of valves and fire hydrants and Mueller Technologies, a manufacturer of metering and leak detection technologies.	Litres of water saved by firm's products.

ISSUER	IMPACT RATIONALE	MEASUREMENT
TOMRA Systems ASA	<p>Tomra Systems is a key enabler of the circular economy by promoting post-consumer waste collection and recycling. TOMRA's operating segments include collection solutions via the manufacturing of reverse vending machines for drink container collection for recycling, including aluminium cans, glass and plastic bottles. TOMRA also designs and manufactures sensor-based sorting machines and integrated post-harvest solutions for the food industry which optimize processing capabilities and reduce waste</p>	<p>Waste redirected from landfill.</p>
Watts Water Technologies Inc	<p>Watts Water Technologies, Inc. engages in the manufacture and provision of products for water conservation, safety, and flow control. Its services include plumbing and flow control solutions, water quality and conditioning, water reuse and drainage, heating, ventilation, and air conditioning, and municipal waterworks. As a provider of a wide range of water and energy efficient technologies, Watts Water is strongly exposed to the Environmental transition and need for increased resource efficiency.</p>	<p>Litres of water saved by firm's products.</p>
Xylem Inc/NY	<p>As a global leader in the water and wastewater industry, Xylem is an important player on the theme Efficient Resource Use within the Environment transition. Xylem contributes to sustainable water management in two ways. First, it supplies innovative and resource efficient water and wastewater treatment solutions which improve water productivity, water quality and water resilience for its clients. Second, it offers traditional equipment commercialized in developing economies, fostering increased access to water for vulnerable populations.</p>	<p>Litres of water saved by firm's products.</p>

ENVIRONMENTAL

Resource Sustainability



A detailed list of all Issuers within the Impact Fund that align with this SDG.

ISSUER	IMPACT RATIONALE	MEASUREMENT
Ashtead Group PLC	Ashtead provides rental services for construction equipment. The company facilitates the development of infrastructure (smart cities), increases the utilisation rates of equipment, while it has also invested to improve the environmental impact of its rental and delivery fleets.	Emissions mitigated through use of products
Badger Meter Inc	Badger Meter is a leading manufacturer of metering products using flow measurement and control technologies. Products lines fall into two categories: Municipal water (80% of revenues) which includes utility water/wastewater flow measurement, control and distribution solutions, and Flow instrumentation products (20%) which includes flow control and measurement solutions for commercial and industrial applications.	Litres of water saved by firm's products.
Hot Lime Labs	Hot Lime Labs has developed a system to produce clean, renewable CO ₂ from the combustion of wood and agri-waste for large high-tech commercial greenhouses, improving crop yields by 10-20%.	Number of customers using technology
IDEX Corp	Ilex is an applied solutions providers that sells pumps, valves, flow meters and other fluidics systems and components to a wide variety of customers. Overall, the company's business improves industrial processes, but portions of it also target specific impact areas -- namely water (7%), life sciences (8%), dental/medical (1.1%), agriculture (3%) and fire & safety (15%).	Revenues enabling manufacturing efficiency
Keyence Corp	Keyence sells precision robotic vision sensing that is primarily used in factory automation. By enabling better efficiency and meaningful innovation in many industries, the company's products lead to the reduction of manufacturing waste and improvement in safety.	Revenues enabling factory automation, and therefore waste reduction and improvement in safety.
NewFish	NewFish's purpose is to reimagine New Zealand's seafood to replenish our relationship with the ocean. The business is creating entirely new products to delight customers, solve food waste problems and save time. NewFish wants to instigate positive change by bridging timeless food traditions with new technology and the imperative of improving the sustainability of our global food system.	Take up of NewFish products as alternative to less sustainable seafood
Nilo	Nilo technology enables all plastics, including those not currently recyclable (ocean, landfill, bio/medical, post-industrial, dirty) to be converted into raw materials and combined with other waste streams to create a diverse range of products with wide ranging applications.	Waste redirected from landfill and put into Nilo product. Number of customers using Nilo products.
Trex Co Inc	Trex manufactures high-performance wood-alternative decking and railing. The company's products are made from 95% recycled content.	Plastic used in products diverted from landfill. Reclaimed wood used in products.
Trimble Inc	Trimble provides software and hardware solutions that improve resource planning and water and land management in the construction, transportation, and agriculture industries. For example, its horticulture software can generate up to a 30% increase in in crop yield and a reduction of up to 90% use of herbicides. Its transportation clients gain 20% more fuel efficiency through improved logistics and increased fleet utilisation.	Emissions mitigated through use of products
Unilever PLC	Unilever is well positioned within the responsible consumption theme. The company has set ambitious goals with regards to sustainable development and have in place adequate measures to achieve these goals, including strategies related to the sourcing of sustainable raw materials, sustainable packaging, positive nutrition, and human rights through the value chain. They are investing in research to commercialise plant-based alternatives to feedstocks like palm oil and fossil fuels that are used to make cosmetic products.	R&D spend

SOCIAL

Social Inclusion



A detailed list of all Issuers within the Impact Fund that align with these SDGs.

ISSUER	IMPACT RATIONALE	MEASUREMENT
ADB Gender Bonds	Proceeds of ADB's gender equality bonds are used to fund projects which support a) women's economic empowerment; b) gender equality in human development; c) reduced time poverty for women; d) participation in decision-making and leadership; e) women's resilience against risks and shocks including climate and disaster impacts.	Metrics at each project level, but no measurement at aggregate level
AIA Group Ltd	AIA is positively exposed to the demographic transition growth drivers through rising middle class in emerging economies' and aging populations' need for savings through insurance and asset management products. AIA is the leader in offering Asia's first full-scale wellness (life and health) platform and a pioneer in integrating digital technology into its businesses. Allowing individuals to access protection solutions, the company operates in a region where average insurance penetration rates remain low at 3.5%.	Number of policies issued
Bright Horizons Family Solutions Inc	As a provider of full-service childcare and early education services, back-up dependent care and educational advisory, Bright Horizons has solid exposure to the Demographics transition and the long-term trend toward two-parent working households. Additionally, Bright Horizons' solutions contribute to increased economic opportunity for women, on average.	Number of children care provided for
Estee Lauder Cos Inc/The	Estee Lauder is well exposed to the demographics transition, in particular the rising middle class in emerging countries as well as certain generational shifts. As the middle class in emerging markets becomes wealthier, there is increased demand and increased focus on skincare. This is particularly the case in Asia Pacific. There is also a global generational shift toward increased focus on skincare. The Estée Lauder Companies launched a Beauty Inspired, Values Driven Interactive Learning Guide to provide employees with access to information on the Company's social impact and sustainability programs, as well as meaningful ways to get involved.	Skincare revenues in emerging markets
Housing NZ Wellbeing Bonds	Kāinga Ora is the largest residential landlord in New Zealand, housing approximately 189,000 people in its 68,000 properties across New Zealand. Kāinga Ora, via subsidiary Housing NZ (the bond's issuer) is currently facing a significant asset renewal and realignment requirement. The average house age is approximately 45 years and around 45,000 homes will require renewal or replacement over the next 20 years. Housing NZ's bonds are sustainability bonds, meeting both green and social criteria, but are dubbed 'wellbeing bonds' consistent with New Zealand Government's 'wellbeing' framework.	People housed Facilities modified for mobility/intensive support Customers receiving wrap-around support through Te Waka Urungi
IBRD Sustainable Development Bonds	The International Bank for Reconstruction and Development (IBRD) is the World Bank's lending arm for governments in developing countries. The IBRD's Sustainable Development Bonds fund a combination of green and social projects and activities in member countries. Each project is designed to achieve impacts in line with the World Bank's twin goals of eliminating extreme poverty and promoting the Sustainable Development Goals.	Number of people provided access to improved water and sanitation services; net GHG emissions reduced; and number of farmers provided new agricultural technology,
Symrise AG	Symrise is a key player enabling the consumer industry towards "better-for-you" and healthy-living products with strong exposure to renewable and natural raw materials.	Revenue from healthy living products

SOCIAL

Thriving Communities & Infrastructure



A detailed list of all Issuers within the Impact Fund that align with these SDGs.

ISSUER	IMPACT RATIONALE	MEASUREMENT
Adobe Inc	Adobe has a leading position in software to create digital media content and document publishing. Adobe's products are key to digital content creation and empowering businesses to go digital (SDG 9). Adobe enables other companies to thrive online, is great for digital transformation, and allows for reductions in water, paper and energy use compared to physical solutions. Adobe regularly makes the list of best places to work in most countries they operate in (SDG 8).	Number of digital content platform users
Adyen NV	Adyen is at the forefront of digital payment processing technology and is helping to build out new infrastructure to enhance payment processing for businesses (SDG 9). Examples of innovation include Adyen Giving which lets merchants accept charitable donations in the checkout process. It is available both in developed and emerging markets, with a wide range of local currency processing options, including integrating into the M-Pesa linked ecosystem.	Number of SMEs and entrepreneurs on platform.
Aptiv PLC	Aptiv Plc is a global technology and mobility architecture company, which engages in the design and manufacture vehicle components. Aptiv's mission is to 'enable a safer, greener and more connected future of mobility'. The company's products include componentry for use in electric vehicles. The company is also a major supplier of active and automated safety systems. Aptiv's technology plays a key role in enabling both advanced safety technologies, as well as greater powertrain electrification.	Number of vehicles with safety componentry provided by Aptiv.
ASML Holding NV	ASML Holding NV engages in the development, production, marketing, sales, upgrading and servicing of advanced semiconductor equipment systems. It includes lithography, metrology, and inspection systems.	R&D spend
Axis Bank Ltd	Axis Bank is the 3rd largest private sector bank with a growing retail and Small-Medium Enterprise (SME) banking segment (64% of revenues in FY2020) which accelerates financial inclusion in India.	Total lending to SMEs
Bank Central Asia Tbk PT	Bank Central Asia is the largest bank in Indonesia by market cap with exposure to financial inclusion with 66% of Indonesia classified as unbanked. SME's and retail accounted for 59% of loan book in 2019.	Total lending to SMEs
Chailease Holding Co Ltd	Chailease is a Taiwanese leasing company with 50/35/15% loan exposure across Taiwan/China/ASEAN. It started its leasing business in Taiwan focusing on Small-Medium Enterprises (SMEs) which are often neglected by Chinese banking sector.	Total lending to SMEs
Charles Schwab Corp/The	Charles Schwab provides access to financial markets and wealth creation as the largest discount brokerage company in the US. It offers \$0 commission on many trades.	Total number of accounts
eBay Inc	eBay is an online marketplace accessible worldwide. The company has a programme (Up & Running) designed to accelerate small business growth in lower socio-economic areas by providing dedicated support and mentoring, as well as other resources to help entrepreneurs to improve their online business.	Total number of entrepreneurs and SMEs accessing support through Up & Running program Total charity donations through eBay for Charity program
EBOS Group Ltd	EBOS is the largest and most diversified Australian wholesaler, distributor and marketer of healthcare, medical and pharmaceutical products. The products and services positively impact large numbers of people and patients every day across Australasia, including being a preferred distributor of Covid-19 and influenza vaccines. EBOS runs multiple initiatives to improve outcomes for vulnerable patients, with one example being drone deliveries of critical medicines into hard-to-reach areas (if, say, they have been cut off by storms).	Volume of prescribed medicines; number of medical devices distributed; and number of vaccines administered

ISSUER	IMPACT RATIONALE	MEASUREMENT
Goodman Property Green Bonds	Goodman Property Trust is an Auckland focused industrial property company. Goodman's green bonds are supported entirely by new development. Goodman's sustainability policy dictates that new builds will be carbon neutral with offsets purchased equal to the building footprint that cannot be eliminate with design choices.	Building performance data not yet available. We utilise litres of water saved.
HDFC Bank Ltd	HDFC Bank is a leading financing services company in India with increasing exposure to financial inclusion with retail and micro, small and medium enterprises (MSMEs) accounting for 53.6% of revenues.	Total lending to SMEs
HubSpot Inc	HubSpot helps with financial inclusion by providing SaaS Marketing and CRM applications (i.e., blogging, SEO, social media, email marketing automation, SFA, lead nurturing) to SMB customers across a range of verticals. Furthermore, their cloud-based sales and marketing automation solutions, HubSpot's offerings help increase energy efficiency.	Total number of customers
IDP Education Ltd	IDP is a pioneer in international education services, on a mission to build the world's leading platform and connected community to guide students on their journey to achieve lifelong learning and career aspirations. This is achieved through having significant student (and their families) counselling services, largely in emerging markets, to help guide students to make the most appropriate choices for tertiary studies. Additionally, IDP provides the world's leading high-stakes English language test as the co-owner and distributor of the IELTS test. This test is recognised by most leading universities and is an entry requirement for non-native English-speaking students.	Student placement numbers by destination and source country. Tracking of the Chennai programme (see Social Inclusion)
Intuit Inc	Intuit provides application software that promotes financial inclusion with products that are oriented toward personal finance solutions and supporting Small-Medium Enterprises (SMEs). Specifically, Credit Karma meaningfully helps consumers improve their FICO scores and Intuit software reduces cost of access of financial products and to SMEs.	Total number of SME customers
KBC Group NV	KBC has been identified as a CSR leader and is well addressing the issue of product transparency and customer responsibility by dealing with delinquency management and responsible sales practices. KBC is a bank-insurer specializing in local financing with a focus on private clients and small and medium-sized enterprises (SMEs). They offer payments, insurance, asset management products, loans, and have a focus on sustainable mortgages and SME lending in local communities. The company has a commitment to financial literacy for its customer base.	Total number of SME customers. Uptake of financial literacy program.
Macquarie Group Ltd	Macquarie has evolved to become the global leader in financing the transition to clean energy via its Green Investment Group division. It is currently funding over 300 renewable energy projects with a combined capacity over three times New Zealand's total output. Macquarie has become increasingly active in newer areas including floating solar and wind projects, converting waste to energy, digital emission tools for farmers and hydrogen-powered buses and trucks.	MW renewable energy generation capacity funded
Mastercard Inc	Mastercard benefits from the technological transition and is a driver of the future of financial systems and digitalization of payments. MC will also benefit from the rising middle class in developing markets with growing demand for payment systems as people start businesses and have more wealth but limited access to traditional brick-and-mortar banks.	Usage of systems in developing economies.
MercadoLibre Inc	MercadoLibre, Inc. engages in the development of an online commerce platform with a focus on e-commerce and related services. Access to affordable financial services is critical for poverty reduction and economic growth, and MercadoLibre addresses this long-term secular trend with an integrated digital platform. MercadoPago, their payments system, contributes hugely to digital economic inclusion among a very large unbanked population. A percentage of its sales are of used goods (benefiting a circular economy).	Number of SMEs and entrepreneurs on platform. New sellers joining platform.

ISSUER	IMPACT RATIONALE	MEASUREMENT
Mercedes-Benz Group AG	Mercedes-Benz is one of the best-known and longest-standing automotive brands in the world. In February 2022 the group promoted its bold move to accelerate its electric strategy, with full electrification by 2030 and €40bn of investment over the next decade to build battery capacity, retool factories and step up software efforts. This bold strategy enables promising sustainability opportunities. All new Mercedes-Benz car architectures will be designed as all-electric platforms.	Sales of EV / partially electric vehicles to non-electric.
Microsoft Corp	Microsoft takes a circular approach that includes design and material selection, responsibly sourcing materials for their operations, products, and packaging, and increasing the use of recycled content. The company plans to aggregate environmental data from around the world and put it to work through computing and machine learning in a new Planetary Computer. Through an investment from their Climate Innovation Fund, Microsoft is helping LanzaJet complete their sustainable fuels plant in Georgia.	Number of product users
MSA Safety Inc	MSA Safety provides products that enhance the safety and health of workers and help protect facility infrastructures.	Number of workers protected by products.
NVIDIA Corp	As a fabless semiconductor company specializing in the design of visual computing solutions, NVIDIA is very well positioned to benefit from the Technology transition, particularly themes related to artificial intelligence and automation. Regarding sustainable risk management, Nvidia commits to sourcing minerals responsibly. 93% of processing facilities in Nvidia's supply chain are RMAP compliant (Responsible Minerals Assurance Process is the reference for conflict-free mineral sourcing).	R&D spend
Precinct Property Green Bonds	Precinct is a high-grade office property company that utilizes the ground floors of its prime locations for specialty retail and food & beverage offerings. It is NZ's largest office landlord and the owner of NZ's largest building, Commercial Bay. Per Harbour's REIT impact criteria, Precinct's green bonds support significant new development built to a high environmental standard; the current development pipeline is all being built to a Greenstar 5 Star standard.	CO ₂ e impact studies (partial portfolio coverage)
Roper Technologies Inc	Roper is well exposed to the Technology transition in numerous ways and is well positioned to benefit from underlying themes such as automation, digitalization, A.I. through its diversified business model. Roper Technologies' industrial products such as water metering and production software are used to increase efficiency and resource use in its customers' manufacturing processes.	Emissions mitigated through use of products
SAP SE	SAP operates as an enterprise application software and database company worldwide and is strongly exposed to the Technology transition through offerings connected to cloud computing, smart software, and IT consulting.	Number of product users
Sekisui House Ltd	Sekisui House is well positioned to benefit from the trend toward green and efficient buildings. Sekisui has been committed to increasing the availability of disaster-resistant and environmentally friendly housing products by promoting sales of houses incorporating "SHEQAS", their proprietary seismic vibration absorption system and "Green First Zero" houses equipped with photovoltaic power generation and fuel cell systems.	Efficiency improvements in homes sold.
Shopify Inc	Shopify's cloud-based commerce platform enables Small-Medium Enterprises (SMEs) to set up online businesses and accept payments.	Number of SME merchants.
Signature Bank	Signature Bank is well exposed to the Governance transition through its innovation business model which focuses on the financing of the local economy, entrepreneurs, and SMEs.	Number of SME and entrepreneur customers.
SVB Financial Group	SVB is positively exposed to the Technology transition through its specialized sector focus and is uniquely positioned to benefit from the long-term innovation-led disruption of the global economy and financial services.	Lending to disruptive companies

ISSUER	IMPACT RATIONALE	MEASUREMENT
Synopsys Inc	Synopsys is the largest and fastest growing Electronic Design Automation (EDA) company with a dominant position in digital design. EDA companies provide critical software and IP to the semiconductor and the electronic system industries, which are key enablers of digital innovation.	R&D spend
Taiwan Semiconductor Mfg Co Ltd	TSMC is the world's largest independent semiconductor foundry, offering the most advanced semiconductor process technology available in the world (currently 5-nanometer capabilities). TSMC has roughly 50% of the market share in global foundry, which is more than double the level of its nearest competitor, Samsung. The semiconductors TSMC manufacture are critical components in innovative technologies helping to improve lives and across various domains.	R&D spend
Verizon Communications Inc	Verizon is directly exposed to the Technology transition, including the Interconnectivity and Digitalization subthemes, and as an infrastructural backbone it facilitates many aspects of the Technology transition itself. By providing wireless and broadband connectivity for the broader, economy-wide growth of eCommerce, remote working and learning, streaming entertainment, social media, Internet of Things (IoT), etc., it is fundamental to the continued digitalization of our economy and society.	Number of product users. Innovation in infrastructure.
Visa Inc	Visa, Inc. engages in the provision of digital payment services. It also facilitates global commerce through the transfer of value and information among global network of consumers, merchants, financial institutions, businesses, strategic partners, and government entities.	Usage of systems in developing economies.

SOCIAL

Wellness



A detailed list of all Issuers within the Impact Fund that align with these SDGs.

ISSUER	IMPACT RATIONALE	MEASUREMENT
Agilent Technologies Inc	Agilent is a leading life science and diagnostics firm. Their life sciences and applied markets segment helps analyse the physical and biological properties of substances and products, as well as the clinical and life sciences research areas. Their diagnostics and genomics activity provides active pharmaceutical ingredients as well as research solutions.	R&D spend
Alexandria Real Estate Equities	As the largest public life science real estate investment trust (REIT), Alexandria Real Estate Equities owns, operates and develops high-quality clustered lab space in major life science markets. In addition to providing essential infrastructure to fuel innovation for the betterment of human health, the company also invests in innovative life science, agrifood tech, and technology companies through Alexandria Venture Investments.	Lab space owned and leased. Investments made in innovative businesses
AstraZeneca PLC	AztraZeneca is a provider of health care solutions. The company is a leader in immuno-oncology.	R&D spend
Avantor Inc	Avantor, Inc. is a provider of mission critical products and services to customers in the biopharma, healthcare, education & government, and advanced technologies & applied materials industries.	R&D spend
Crédit Agricole SA	Crédit Agricole is positively exposed to the demographic transition growth drivers through aging European populations' need for savings through insurance and asset management products. Crédit Agricole is also assisting in financing the Environmental transition through its commitment to provide sustainable investment and banking products through its asset management segments, lending operations, and significant role in the Green Bond markets.	Savings products provided to demographics
CSL Ltd	CSL is the largest healthcare company in Australasia with a true global presence, reaching patients in over 100 countries. CSL is developing and delivering high-quality medicines to treat people with rare and serious diseases. It also has the world's largest influenza vaccines company and more recently has entered kidney health through the acquisition of Vifor Pharma, a global leader in iron deficiency and iron deficiency anaemia therapies.	Number of new product registrations for serious diseases; Number of significant target launch dates.
Daiichi Sankyo Co Ltd	Daiichi Sankyo is a Japanese pharmaceuticals company with a historic emphasis on primary care products, but which is pivoting its strategic focus towards oncology (>600bn JPY oncology revenues targeted on the group's 1.6tn JPY 2025 revenue outlook). The impact thesis is predicated on the transformative potential of the company's world leading antibody drug conjugate technology platform, which could be a game changer for cancer therapy even beyond current and successful breast cancer trials.	R&D spend
Danaher Corp	Danaher is a diversified business that designs, manufactures and sells laboratory equipment and consumables to clinical and medical laboratories including microscopes, analytical software and imaging and molecular devices. These tools are used in the development of new drugs and for diagnosing critically ill patients. It contributed to the coronavirus pandemic response as its Cepheid testing solution become the standard of care in hospital settings. In addition, it increased its production capacity of blood gas analysers by 50%.	R&D spend
Eli Lilly & Co	Eli Lilly & Co. engages in the discovery, development, manufacture, and sale of pharmaceutical products. Diabetes treatments represent about 50% of the company's sales. Obesity is considered by many as a 21st century epidemics closely linked with the likelihood and severity of type 2 diabetes. Thus, Eli Lilly is well positioned to tackle the issue. Alongside, through several acquisitions, Eli Lilly is increasing its exposure towards innovative treatments, for example in oncology, or to treat unaddressed medical needs such as Alzheimer's.	Number of patients treated

ISSUER	IMPACT RATIONALE	MEASUREMENT
EssilorLuxottica SA	Essilor benefits from the Demographics transition, primarily from an aging population as well as a rising middle class in emerging countries. An aging population increases demand for preventative and corrective ophthalmic technologies, including reading glasses and other corrective lenses - 2.5 bln people in the world cannot see clearly. Additionally, as the middle class in emerging markets becomes wealthier and increasingly educated, there is more awareness of and demand for medical care they can now afford.	Revenue from eyecare solutions. Efficacy of solutions.
Evotec SE	Evotec is a medical treatment company that conducts its own development research as well as partnering with pharmaceutical and biotechnology firms. The company is focused on rare diseases.	R&D spend
Hamamatsu Photonics KK	Hamamatsu Photonics is an optical sensor manufacturer with applications primarily in healthcare (35%), industrials related to semiconductor and factory automation (~30%) and improving safety in driving through LiDAR component in self-driving cars (future). Through these applications, Hamamatsu plays a direct role in supporting innovation and better health outcomes for patients. Although a small portion of its business today, we expect Hamamatsu's LiDAR technology to support better road safety as autonomous vehicles become more commonplace.	R&D spend
HeartLab	HeartLab is transforming cardiology with AI, helping doctors diagnose and treat heart disease. HeartLab's technology enables doctors to extract significantly more information from an echocardiogram, the ultrasound test used to examine a patient's heart structure and function. It also automates the repetitive and time-intensive tasks associated with taking measurements from these tests, dramatically speeding up the time needed by doctors to interpret the results, which is currently around 20 minutes for each test.	Number of customers using technology
Intuitive Surgical Inc	Intuitive Surgical is a global leader in the robotic-assisted surgery ecosystem and contributes to reducing harm following surgical procedure. Over 8.5million surgeries have been performed using Intuitive's systems.	Number of procedures performed using systems
JD Health International Inc	JD Health is China's largest online pharmacy by revenue, helping to improve ease of access to a wide range of healthcare products. Our impact thesis is therefore predicated on 1) More convenient access to pharmaceuticals and other health products, along with telehealth services reducing the need for in-person appointments; 2) Scope to reduce the outpatient burden on hospitals (e.g. diagnosis time accounts for just 10 minutes of the three hours patients spend on outpatients visits in Chinese class III hospitals); 3) Helping to promote public health awareness through the platform.	Number of active customers. Number of consultations through platform.
Koninklijke DSM NV	A global purpose-led organisation active in human nutrition (ingredients, food enzymes and production processes), and materials (engineering components and protective coatings). DSM produces fortified foods and micronutrients to improve nutrition for those at the bottom of the economic pyramid, as well as dietary supplements to improve human health. The company has developed a methane-reducing feed additive for ruminant livestock. DSM is also looking to develop alternative sources of omega-3 to lower our reliance on finite marine resources.	Supplements and nutritional products provided
Legal & General Group PLC	Legal & General is positively exposed to the demographic transition, which is driving the demand for secure savings through asset management and insurance products like annuities for aging populations in the UK, US, and Europe. The uncertainty and insufficiency of social security pensions increases the need for retirement savings from private sources and pushes older cohorts to continue saving and minimize income risk through annuity-type products.	Savings products provided to demographics
Lonza Group AG	Lonza provides a range of services and products to the pharma and nutrition industries (early phase discovery, manufacturing of active pharmaceutical ingredients, etc.). The company helps reduce the overall cost of bringing new medicines to market.	R&D spend

ISSUER	IMPACT RATIONALE	MEASUREMENT
Metlifecare Bonds	With around 6,000 residents spread across its 25 villages in 5000 independent living units and 1000 care beds/units, Metlifecare is one of NZ's largest retirement village owners, operators and developers. Metlifecare's bonds are issued under its sustainable finance framework and are backed by green buildings and social assets including specialist dementia care facilities and hospital level care. Increasing the number of dementia care beds in Metlifecare's portfolio six-fold within five years and making all of Metlifecare's portfolio dementia-friendly as accredited by Alzheimer's New Zealand.	Number of dementia care beds provided
Novo Nordisk A/S	Novo Nordisk is uniquely positioned to deal with unmet medical needs of chronic diseases and health issues such as diabetes and obesity.	R&D spend
Orpea SA	Orpea SA engages in the operation of geriatric healthcare facilities. Its services include nursing homes, psychiatric care clinics, home care, and post-acute and rehabilitation clinics. Initially, the company was focused on operating care homes in the French market where it offered 43,000 beds in 2013. It has also expanded into 22 other countries, mostly across Europe. The company has also made progress on other important ESG issues, including improving board independence, investing more in staff training, and committing to setting a net zero carbon target.	Number of care beds provided
Oxford Nanopore Technologies P	Oxford Nanopore Technologies (ONT) is the world leader in nanopore technology and disruptor in the field of genetic sequencing. ONT's electrical approach to sequencing DNA and RNA offers advantages versus conventional optical methods including long/ultra-long read lengths (for richer data), direct native ability and real-time results. Their low cost, portable devices are the smartphone equivalent of a market still largely dominated by large mainframe-like DNA sequencers, so have potential to open up the market to broader regions and applications.	R&D spend
Pacific Edge Ltd	Pacific Edge is a cancer diagnostics company that provides a test for bladder cancer that is more accurate, cheaper, and less intrusive for the patients than existing tests.	Volume of tests delivered
Sartorius AG	Sartorius' products are used by the biopharma industry to make R&D and production processes more efficient, enabling advanced therapeutics to reach the market faster. The company's bioprocessing portfolio focuses on all major steps in the manufacture of biopharmaceuticals across upstream and downstream processing – its focus on single-use technology reduces the risk of cross-contamination, offers greater manufacturing flexibility, and lowers costs for clients.	R&D spend
Shop Apotheke Europe NV	Shop Apotheke improves access to healthcare (e-prescriptions) and reduces cost of delivery of healthcare to large populations in Europe.	Number of active users.
Stryker Corp	Stryker Corp is a medical technology company with specific leadership in orthopaedics and medical surgery solutions.	R&D spend
Takeda Pharmaceutical Co Ltd	Takeda is a global pharmaceutical company with a research and development focus on gastroenterology, oncology, central nervous system, and vaccines. Thus, Takeda's products and pipeline address some of the most important global health challenges and medical needs.	R&D spend
Terumo Corp	Terumo is a solution provider for a demographic shift to an aging population in developed countries. The company benefits from secular trends toward less invasive catheter process which is growing in the US and Europe.	R&D spend
Thermo Fisher Scientific Inc	Thermo Fisher Scientific is one of the largest suppliers of analytical instrument, equipment, consumables and software for healthcare and environmental research, analysis, discovery, and diagnostics. Thermo Fisher's products are essential in enabling healthcare customers to develop and manufacture healthcare therapies, to analyse environmental quality and to diagnose disease.	R&D spend

ISSUER	IMPACT RATIONALE	MEASUREMENT
Toku Eyes	Multi-modal Artificial Intelligence Platform for instant diagnostics, personalised prognostics and general health risk assessments, using retinal images. Toku Eyes' non-invasive comprehensive screening test can screen for over 10 health conditions in 10 seconds, including cardiovascular disease and blindness, two high risks for anybody living with diabetes.	Number of customers using technology
Veeva Systems Inc	Veeva is a leading global provider of industry-specific, cloud-based software solutions for the life sciences industry. The company's solutions enable pharmaceutical and other life sciences companies to realize the benefits of modern cloud-based architectures and mobile applications, without compromising industry-specific functionality or regulatory compliance.	Revenues leading to efficiencies for customers. Number of customers.
Volpara Health Technologies	Volpara Health is a breast cancer diagnostics company that provides leading breast density screening imagery, using advanced artificial intelligence and a significant tissue-density database to improve detection of high-risk patients.	Number of patients helped; number of images taken.
Wuxi Biologics Cayman Inc	Wuxi Biologics provides a range of services and products to the pharmaceutical industry. Its services help bring down the overall cost of bringing new medicines to market.	R&D spend
Zoetis Inc	Zoetis provides medicines, vaccines and diagnostic products for companion animals and livestock.	Animal health enabled by revenue.

Further Information

HOW DO YOU CHOOSE BETWEEN COMPETING NON-FINANCIAL OUTCOMES?

The Fund has a dual objective of delivering impact and a financial return. If we have satisfied our internal processes to determine that an investment infers impact, portfolio managers weight up diversification and financial return prospects in making the final decision. We are seeking a range of impacts rather than focussing on any particular area, however biases towards certain non-financial outcomes, such as climate action, can result given availability of investment choices.

WHAT HAPPENS IF AN INVESTMENT NO LONGER MEETS THE MANAGERS' STANDARDS OF IMPACT?

Investments that no longer meet standards of impact, be that owing to a change in standards, change in assessment, or change in a company's strategy, will be sold. While the intention is to remove the holding from the portfolio where it no longer meets the standards of impact, the portfolio manager has discretion as to the best timing and strategy for this, for instance to realise a better financial outcome than could be the case if selling immediately – i.e. avoiding a 'fire sale'. Consideration will be given to the impact on financial interests of investors in making an assessment on timing of divestment. Investors will be advised where decisions have been made to divest of holdings because we consider that the investment no longer meets the standards of impact required.

HOW DO YOU RESPOND TO NEGATIVE OR CONTROVERSIAL 'INCIDENTS'?

While we determine impact in accordance with the processes outlined in this Impact Report and in our Product Disclosure Statement (PDS), Statement of Investment Policies (SIPO) and Other Material Information

(OMI), appraising impact has inherently subjective elements. Harbour will report to investors against measures outlined in our disclosure material. If a company is involved in an incident, such as temporary violation of the company's environmental policies or a breach of labour standards within its supply chain, we will seek to understand the facts to hand. If we deem based on our research that there is a reasonable probability the company is likely to cause material future harm, we will no longer hold the company. As outlined above, we'd take action to divest of that holding. The Impact Committee can assist with scrutinising our decisions.

HOW DO YOU ENSURE THAT EXTERNAL MANAGERS MEET THE IMPACT STANDARDS DESCRIBED IN THIS REPORT?

We do not have the power to force the external managers to sell securities. We do however undertake due diligence prior to investing, to ensure that they align with our expectations in this area. We monitor their decisions, appraising their impact theses and use tools such as ISS' controversy flags and impact alignment scores to inform engagements we have with external managers. Ultimately, we have discretion to remove the manager should they not meet expectations as outlined in the appointment process.

HOW DOES THE FUND USE DERIVATIVES?

We do not use equity market derivatives to gain broad exposure to markets. Some investors may see this as akin to holding a share of all companies and thus not in accordance with the Fund's focus on positive impacts. We may use interest rate and foreign currency derivatives approved counterparties to manage the Fund's interest rate and foreign currency exposures. We view interest rate and currency derivatives as distinct from investing in businesses.

DISCLAIMER

This Impact Report is provided for general information purposes only. The information provided is not intended to be financial advice. The information provided is given in good faith and has been prepared from sources believed to be accurate and complete as at the date of issue, but such information may be subject to change. Harbour Asset Management Limited is the issuer of the Harbour Sustainable Impact Fund (the Fund). A copy of the Product Disclosure Statement for the Fund is available on our [website](#). Past performance is not indicative of future results and no representation is made regarding future performance of the Funds. No person guarantees the performance of any funds managed by Harbour Asset Management Limited.

