



# Quarterly Sustainability Report

For the quarter ended 31 December 2023

**mint**  
ASSET MANAGEMENT

# Summary of activity

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The run up to Christmas was a very busy time in the responsible investing space.

Mint has been instrumental in helping establish RIAA's Aotearoa Collaborative Working Group and it held its first meeting in December. Discussions initially focused on approving the structure of the group, outlining what participants want the group to achieve, and the topics of initial focus.

We attended several industry events, including Air New Zealand's Sustainability Roundtable and multiple workshops on Modern Slavery.

We closely followed the 28<sup>th</sup> Conference of the Parties to the UN Framework Convention on Climate Change. The output from the Conference helps inform our discussions with our investee companies on climate risks and opportunities.

We received our assessment from the PRI and are very pleased with the result - see our website for more detail.

Our focus continues to be on producing our first climate-related disclosures report and increasing our ESG engagements with companies.

Collaborations continue to increase across the industry. Rachel Tinkler, Head of Responsible Investment, has been spearheading an investor letter to the new government on New Zealand's Modern Slavery legislation. We hope this letter will bring the legislation back into focus for the new government and ensure we get a regime that will work to address this growing problem.

\*Please note, we made an error in the 30 Sep 2023 Quarterly Sustainability Report. We disclosed an engagement on emissions targets with FPH, when in fact it was with FBU.

# Engagement case study: Vector

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In 2017, Vector made an investment in a company called mPrest. At the time, mPrest was a market leader in energy/smart grid technology with their Distributed Energy Resource Management System. This software assists the company in improving the grid by managing electric vehicles, EV chargers, solar panels and batteries connected to its electricity network. However, this investment was not without risk as mPrest also operated a division involved in defence software systems.

We reached out to the company in early November to gain clarity on the ongoing investment, including to gain comfort on the direction of the business, its available disclosures, and associated risks with wider business units. After a series of engagements with management, we were comfortable with the strategy behind the investment, but desired more clarity on the long-term plan of the investment, given it was outside Vector's core operational focus. After further discussions, we were satisfied the plan was acceptable for now, but notified the company of our intention to follow up at regular intervals moving forward.

Not long after these engagements, management notified us of the Board's intention to divest the company's shareholding in mPrest. From Mint's perspective, this was a satisfactory outcome given the non-core nature of the holding, its potential risks, and the materiality to Vector's core electricity distribution business.

# Engagement case study: NextDC

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NextDC is an ASX-listed, Australian data centre operator. Ahead of the November AGM, we engaged with the company to discuss our concerns on some remuneration practices that we believed were diverging from best practice, including historical discretionary bonuses given to key management personnel, and a dividend equivalency clause in the CEO's incentive structure. These issues did not have votable items at the upcoming Annual General Meeting, but we took the opportunity to raise them, nevertheless.

We met with Investor Relations and the Chair of the Remuneration Committee. They explained that despite the company outperforming during Covid market turbulence, no structured incentives were payable. The decision was therefore made to apply bonuses as retention tools, which we agreed was reasonable. The dividend equivalency clause is legacy template wording in its incentive's description. It's very unlikely a dividend would be paid so its inclusion is largely irrelevant. We understood this was historically the case but noted our preference to not have the language present, regardless of the practicalities. We will continue to monitor this in future.

The company was genuinely engaged on the issues, very responsive to our concerns and had had similar discussions with other shareholders too. They have had several instances in the past of taking on shareholder feedback and adjusting actions accordingly.

We were satisfied with the company's response to this engagement and will continue to monitor their actions around remuneration practices to ensure they aim for best practice.

# Engagement case study: Spark

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Child Sexual Abuse Material, or CSAM, is illegal in New Zealand. While some responsibility for detecting and blocking this illegal content sits with the Department of Internal Affairs (DIA), we believe Internet Service Providers (ISPs) also have a role to play.

Currently, the DIA runs a filter which identifies websites with this illegal content, which ISPs can voluntarily adopt. Spark has adopted this filter. However, the technology supporting this filter is outdated, and it is a very manual process to add offensive sites to the blocking list - meaning internet users, including children, continue to be at risk of being exposed to this content.

The Internet Watch Foundation (IWF) hosts what Mint believes is the gold standard in CSAM protection. Compared to the DIA's approximately 500 blocked websites, IWF blocks 15,000. The IWF list is updated twice a day and uses hashing and web-crawling technology to proactively identify offensive sites.

In initial discussions held with Spark's Sustainability team, we gained comfort that Spark is doing a lot of great work in this area. They are an active member of the Independent Regulatory Group, which has been set up by the DIA to deal with these types of issues. They are also working with the DIA to explore adoption of another CSAM list, which would mean more protection than what the DIA's current filter provides.

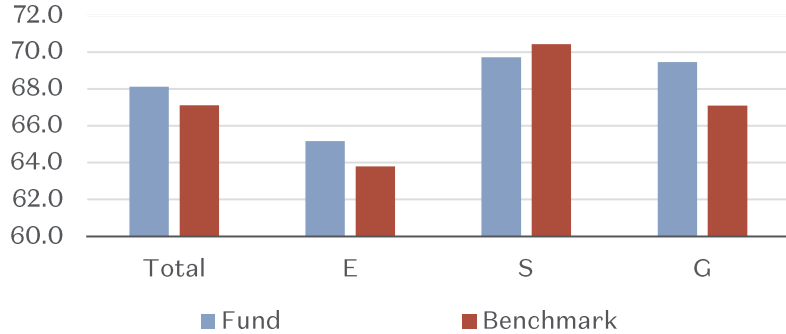
Spark have been doing their due diligence on the IWF list too, but to date technological issues have prevented them proceeding with adoption. There are number of complexities in this area, and Spark has been honest with us about what those are, and what they are doing to address them.

We set an outcome at the start of this engagement that the IWF list is adopted, at least in part, by all listed ISPs in New Zealand, and that outcome hasn't changed. We have a few experts we are continuing discussions with to understand and address this matter more broadly, and we will continue to engage with Spark as part of that. We look forward to providing you with further updates as the engagement progresses.



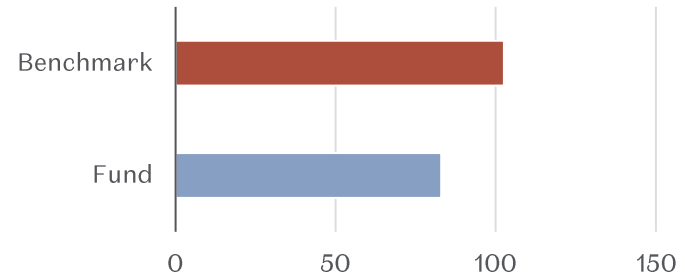
# Mint New Zealand SRI Equity Fund

## ESG scores versus Benchmark



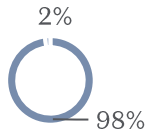
## Carbon Emissions

### Carbon Footprint (tCO2e/mil USD invested)



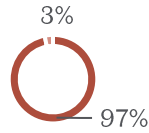
## Voting Record - 12 months ending 31 Dec 2023

### Vote Alignment with Policy



- Votes with ISS policy
- Votes against ISS policy

### Vote Alignment with Management



- Votes with Mgmt
- Votes against Mgmt

## Firm-Wide Engagements

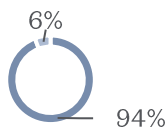
Company	Nature of the engagement		
	E	S	G
AIR - attendance at a sustainability roundtable.	✓	✓	✓
VCT - management of non-core investment.		✓	✓
NXT - dividend equalisation payment.			✓
ARV - discussion with Board on takeover bid.			✓
SPK - offensive material.		✓	✓



# Mint Australasian Equity Fund

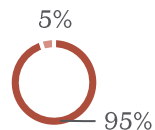
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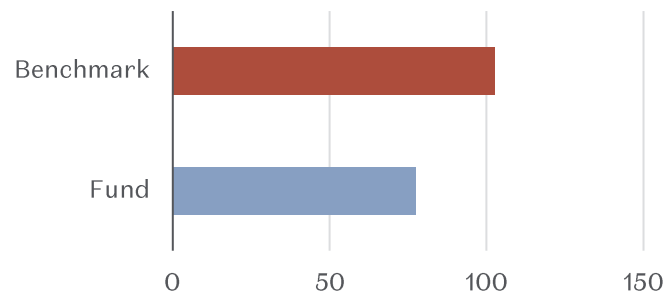
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## Firm-Wide Engagements

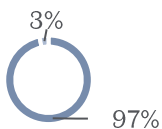
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# Mint Australasian Property Fund

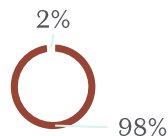
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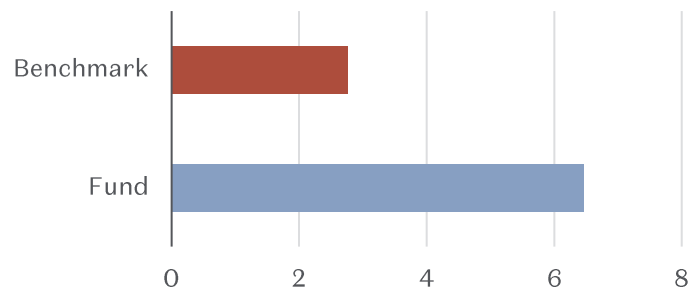
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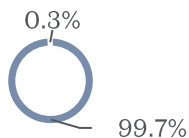




# Mint Diversified Growth Fund

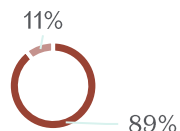
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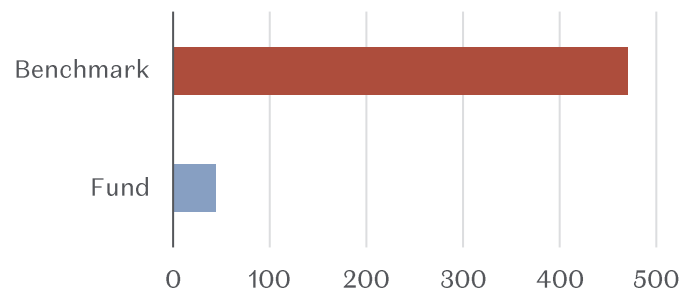
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## Firm-Wide Engagements

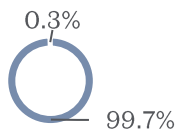
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SPK - offensive material.		✓	✓



# Mint Diversified Income Fund

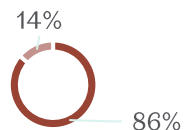
## Voting Record - 12 months ending 31 Dec 2023

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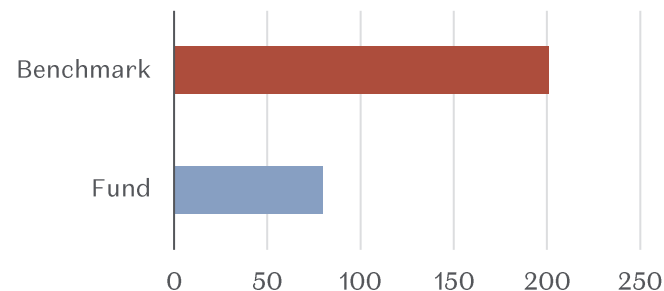
### Vote Alignment with Management



- Votes with Mgmt
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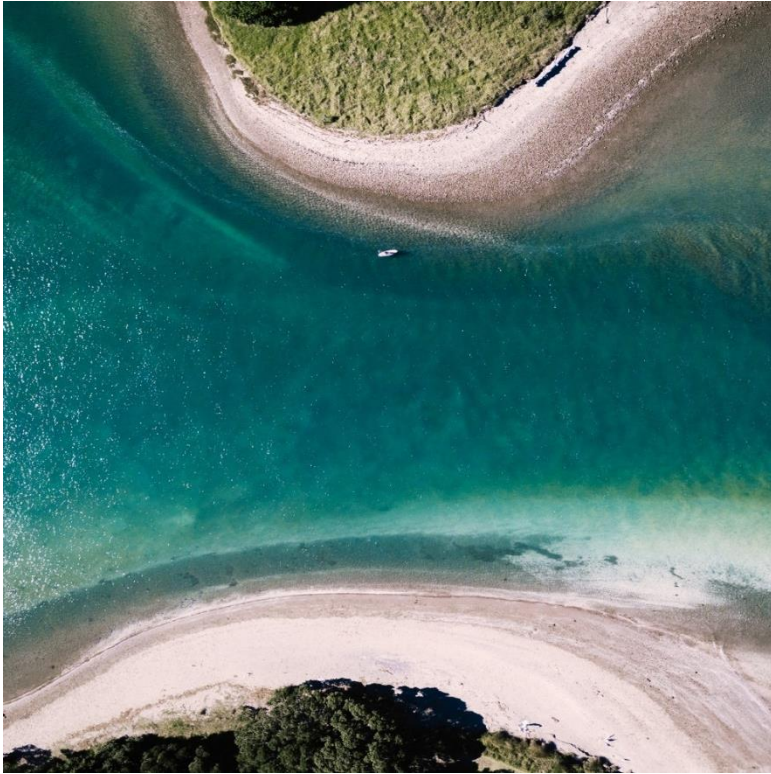
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NXT - dividend equalisation payment.			✓
ARV - discussion with Board on takeover bid.			✓
SPK - offensive material.		✓	✓



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Glossary:

**Voting Record:**

Institutional Shareholder Services (ISS) is Mint's proxy voting provider (<https://www.issgovernance.com/>). ISS provide Mint with voting recommendations based on a 'Sustainability' policy, which has a higher expectation on ESG matters than their standard policy.

**Carbon Emissions:**

Carbon Emissions data is provided by Morningstar Sustainalytics (<https://www.sustainalytics.com/>). The benchmark information for each fund is outlined in the Product Disclosure Statement, available on our website (<https://www.mintasset.co.nz/investor-resources/>).

**Firm-Wide Engagements:**

Engagements are reflective of firm-wide activities, and stocks are not necessarily held by every fund.

**ESG Scores v Benchmark** (SRI Fund only):

Mint has a proprietary scoring methodology which produces an ESG score for every Australasian stock under coverage. The benchmark scores are based on the market-weighted proprietary score for NZX50 stocks.

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