

# Ethical Investment Policy



Management Owner	Chief Financial Officer	Version 2.0	
Approved	15 August 2024	Next Review	August 2026

## 1. Purpose

The Bank undertakes limited investment activities via the acquisition of securities for its liquidity portfolio and that of its 100% owned subsidiary Co-operative Life Limited. The purpose of this policy is to ensure that these investment activities are undertaken in accordance with the Bank's Vision and Beliefs, and that we do not invest in entities which are likely to be regarded as unethical by a substantial number of our customer shareholders and the New Zealand Public.

## 2. Scope

This policy solely addresses the ethical aspects of investment. Financial aspects are addressed in the Bank's Treasury Policy.

The Bank is solely a provider of consumer financial services. It does not undertake any business or corporate lending. As such, its liquidity portfolio investments are the sole means through which the Bank directly funds other corporate entities. The Bank does not undertake any wealth management activities for its customers, but it does distribute third party investment products (currently Fisher Funds' KiwiSaver product). These products are subject to the ethical investment policies of the third party fund manager.

## 3. Policy statements

The Co-operative Bank will not invest in entities that are directly involved in:

- fossil fuel extraction
- nuclear power
- weapons manufacture
- manufacture of tobacco products
- palm oil manufacture

The Bank will not invest in instruments issued by entities that have engaged in human rights violations, environmental degradation, corruption or support of terrorism or that are located in UN sanctioned countries or are under the control of UN sanctioned regimes.

In addition to these specific exclusions, consideration will be given to broader environmental, social and governance factors in determining whether an investment is appropriate.

Deposits with or investment in securities issued by registered banks and multilateral development banks are not precluded solely by the fact that those banks operate on standards less than those expressed in this Statement. However, this will be an important factor that influences new investment or retaining an existing investment.

Where possible within the confines of the Bank's Treasury Policy, the Bank will prioritise investments in instruments/entities that contribute to environmental, social and governance objectives (for example green bonds or bonds issued by multilateral development banks whose mission supports ESG objectives).

The investment portfolio will be reviewed on a periodic basis to confirm that investments continue to comply with the policy. In the event that an existing investment is deemed to no longer meet the requirements of the policy, the holding will be divested as soon as it is practical and cost effective to do so. This divestment must occur within six months of the identification of the non-compliant investment.

This policy will be published on the Bank's website.

#### 4. Roles and Responsibilities

Role	Authority/Responsibility for
Board (through Risk Committee)	The Board is responsible for approving this policy. The Risk Committee supports the Board in discharging this responsibility.
Chief Executive Officer (CEO)	The CEO is wholly responsible for implementing the policy, and any relevant standards and procedures. The Chief Financial Officer supports the CEO in discharging these responsibilities.
Chief Financial Officer (Management Owner)	The Chief Financial Officer is responsible for ensuring compliance with this policy.
Treasurer	Day to day application of the policy is delegated to the Treasurer. The Treasurer is responsible for screening potential new investments to ensure that they are consistent with the Policy and reviewing the investment portfolio on a periodic basis to ensure it continues to be compliant.

#### 5. Document History and Version Control

Version	Date Approved	Approved By	Brief Description
1.0	30 September 2021	The Co-op Bank Board	Initial implementation of policy
1.1	25 August 2022	The Co-op Bank Board	Annual review
1.2	15 August 2024	Co-op Bank Board	Biennial review