



## **MATŪ GROUP ETHICAL INVESTMENT POLICY**

Matū Group Limited's policy setting out our commitment to ethical investment requirements, restrictions, and expectations for all Matū Group fund portfolios. This policy is owned by the General Partners, as they make the final decisions on all investment opportunities, and must be comfortable with the ethical considerations being asked of them.

### **1. SCOPE**

This policy applies to every aspect of Matū Group Limited's organisation, including any and all Funds, their investment portfolios, and any companies or entities therein. This policy also applies to individuals and organisations working within, in tandem with, or on behalf of Matū Group Limited. This policy describes:

- 1.1. Matū Group's commitment to investing in ethically sound, ethically defensible prospects.
- 1.2. The underlying principles governing the policy, and due process in which decisions, exclusions, and inclusions are evaluated.
- 1.3. The policy also outlines the specific exclusion clauses in which Matū Group nor any of the funds therein will invest.

This policy complements and supports the implementation of other Matū Group Limited policies, procedures, and standards that may impose additional duties on specified individuals in addition to those in this policy. Policies that should be read in conjunction with this policy include, but are not limited to:

- *Code of Conduct*
- *Diversity, Equity, and Inclusion Policy*
- *Whistleblower Policy*

### **2. LEGISLATION**

Matū Group Limited's Ethical Investment Policy aligns with Matū's obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, the Financial Markets Conduct Act 2013, and any other relevant legislation.

### **3. INTRODUCTION**

Matū Group believes that carrying out our duty to invest requires a due consideration of the ethical contexts, implications, and outcomes of any and all of our investments, alongside all other responsibilities of running managed funds.

While ultimately a case-by-case approach may be taken, it is helpful for us to have an internal calibration of what Matū Group believes is ethical or not, and to have some clear guidelines that can be communicated externally to prospective investees (companies that Matū Group funds could invest in), and investors (people who could invest in Matū Group funds) to show what our expectations are. This policy is living, and should be amended as necessary to reflect changes in society and changes in the standards held by the people within the organisation.

This policy sets out specific exclusion and procedures for what to do when cases are not clear cut. The intention of this policy is to ensure that all people within Matū Group are well informed about potential ethical issues, to help guide people through the underlying processes without this policy getting in the way of decision making, and to empower people to take responsibility and own the decision they make.

#### **4. DEFINITIONS**

Te Reo Māori Glossary

- 4.1. *Tikanga*: A set of procedures, customs; protocol that represent “the Māori way of doing things” that have been developed as tradition over time and are embedded in the social context.
- 4.2. *Kaitiakitanga*: Guardianship, stewardship, particularly with regards to looking after the land, natural resources, and people in the long run.
- 4.3. *Taonga*: Treasures (particularly culturally significant objects, resources, ideas, techniques).
- 4.4. *Mana*: In this context, *mana* refers to spiritual power and standing.
- 4.5. *Kotahitanga*: Oneness, unity, solidarity; collectively moving together.

#### **5. POLICY STATEMENT**

Matū Group is guided by the four key values of *Kaitiaki* (Guardianship), *Pono* (Integrity), *Māia* (Bravery), and *Aroha* (Passion), and we understand that our ethical responsibilities are one of the core components to our capability of emulating these values, and foundational to our mana as an organisation. Our Ethical Investment Policy seeks to clarify Matū Group’s position on lines we will not cross, as well as positive impacts we seek to achieve through this policy, enabling a robust and articulated position on areas of significant social, environmental, governance, and moral imperatives that are understood across all relevant parties. We aim to meet our Ethical Investment commitments by:

- 5.1. Providing clearly defined and comprehensive guidelines as to where Matū Group and any fund therein does not consider acceptable activities or prospects.
- 5.2. Establishing overarching goals by which our policy will see Matū Group not only avoid harmful or exploitative industries or practices, but seek to support opportunities that will benefit the world and seek positive outcomes.

- 5.3. Achieving legislative compliance as a minimum, and striving for best practice where it is best to do so, beyond purely return driven motivations.
- 5.4. Working with employees, staff, portfolio companies, prospective portfolio companies, and investors, to make sure that the ethical investment guidelines and expectations are widely understood, regularly monitored, and adhered to by all stakeholders.
- 5.5. Taking appropriate, timely, and proportionate corrective and preventative actions to manage intolerable risks identified by research, monitoring, auditing, and other investigative activities.

## 6. PRINCIPLES

Matū Group has a number of principles and values that underpin our work, drawn from Māori tikanga, which help us determine whether something is ethical or not.

- 6.1. *Kaitiakitanga*: Our organisation and funds therein must take a long-term view on the impacts of our actions and investments, and so we must ensure that what we do leaves the world in the same or better condition than we found it in. We must work to a high quality to ensure that what we do is sustainable, and leave the world in a place that is suitable for future generations.
- 6.2. *Harm Minimisation*: Our investments should not actively make people's lives worse. Sometimes, indirect effects may be unavoidable (e.g. an investee company overtakes an incumbent in the industry, causing redundancies). However, direct negative impacts such as worsening people's health, destroying cultural practices or taonga, or long-term environmental damage should not be acceptable within our organisation.
- 6.3. *Rights Against Discrimination*: Our investments should not discriminate against people based on factors about themselves that they cannot choose. This includes, but is not limited to, discrimination against people on the basis of ethnicity, race, gender, age, sexual orientation, or disability. Sometimes, an investment may have a target market that unavoidably excludes a segment of society. However, a product or service that actively causes harm to a group of people, actively discriminates against these individuals, or enables or perpetuates harmful or hateful practices is not acceptable to Matū Group or any fund therein. Founders or teams who behave in a discriminatory or predatory manner should also not be considered suitable for investment by any fund within Matū Group.
- 6.4. *Positive Impact*: Our investments should not just avoid being bad; they should seek to provide benefit and value to their customers, and make improvements to society and the world as a whole. This is as much a principle about the values and intentions of the team behind the project as it is about the product or service offering. An investment opportunity that merely continues the status quo with no broader positive impact should not be acceptable to the fund. This naturally comes as part of

Matū Group's desire to invest in companies with global disruptive impact.

## **7. SPECIFIC EXCLUSIONS**

Matū Group and any funds therein will not invest in any offering, company, service, vehicle, or business activity which focuses in part or in whole with:

- 7.1. *Munitions and Weapons*: companies whose business practices include the production of, or the supply of parts for:
  - 7.1.1. Military weapons and/or firearms;
  - 7.1.2. Controversial weapons, including cluster munitions, landmines, biological and chemical weapons, nuclear weapons and depleted uranium;
  - 7.1.3. Commercially-available weapons and/or firearms.
- 7.2. *Tobacco, Nicotine-based Products, Alcohol, and Drugs*: companies whose primary purpose is to manufacture or supply manufacturers of substances that actively cause harm to the health of consumers/users, especially where those substances are illegal under New Zealand law.
- 7.3. *Gambling*: companies or enterprises whose primary purpose is to supply gambling products or services that lead to detrimental psychological and physical effects for users.
- 7.4. *Adult Content*: companies whose primary business is in prostitution or pornography.
- 7.5. *Human and Animal Rights*: companies whose products or services rely upon the discrimination, exploitation, or suppression of people or animals anywhere in the world, including child labour, forced or compulsory labour, slavery, poor working conditions, unsafe clinical trials, or coercive acts or human rights abuses.
- 7.6. *Corruption*: companies who rely upon the use of corruption and/or bribery to access domestic or international markets.
- 7.7. *Environmental Harm*: companies who produce products, or supply producers or products, that have long-term environmental impacts (e.g. fossil fuels), products that produce harmful pollution or pollutants (e.g. livestock effluent), and/or products that rely on unsustainable extraction of natural resources (e.g. whaling or phosphate mining).
- 7.8. *Unethical Use of Data*: companies who use data about users or customers to exploit them for financial gain without genuine opt-in consent or compensation.
- 7.9. *Illegal Services*: companies whose products or services are illegal in the countries in which the products or services are used or intended to be used.

## **8. DUE DILIGENCE**

This policy requires that the Research Team conducting Due Diligence actions on the direction of the General Partner or Project Champion consider ethical issues when undertaking Preliminary and Full Due Diligence processes into an investment opportunity. Founders should be asked to articulate both what good they are doing beyond generating revenue and profit, and also to justify why they are not actively generating harm. Issues should be highlighted in the Due Diligence reports, even if they do not fall under the specific exclusions in Section 7.

## **9. GREY AREA IDENTIFICATION AND RESOLUTION**

All ethical investment policies suffer from the fact that there are subjective 'grey areas' that cannot be easily defined as ethical or unethical. An example would be a company that sells a chemical testing product, with a tobacco processor as a customer. The company does not sell tobacco itself, but its product is tied to the manufacture and sale of tobacco products.

Investment opportunities that could have ethical issues associated with them should be flagged by the Research Team or Project Champion at Preliminary or Full Due Diligence. The General Partners will decide, on a case-by-case basis, if investment opportunities that do not clearly fall under one of the exclusions listed in Section 7 are acceptable or not. Within the General Partners, this should be on a consensus basis where possible, and actions recorded internally. All General Partners should be comfortable with the investment opportunity before progressing to any further stage of Due Diligence or investment. It should be noted that in some cases, ethical issues may only arise or become known at later stages in the Due Diligence process, at which point the Project Champion and General Partners should make a decision about whether the project should progress or not.

## **10. PEOPLE**

Just as the product/service offering of a company may be important, the people involved should also behave and act in an ethical way. The General Partners should consider whether the people involved in any investment opportunity have a history of unethical behaviour. People should behave kindly, honestly, and transparently in order for all parties involved to have a positive and trustworthy relationship. This most importantly applies to founders, but also applies to co-investors, partners, and suppliers. If the decision is to continue to progress the opportunity, then this must be highlighted during Full Due Diligence so that the General Partners are aware and can factor it into their decisions.

Similarly, there is an obligation on the General Partner to ensure that the Limited Partners who have invested into any fund within Matū Group do so with integrity. Where possible, Matū Group should ensure that capital invested into a fund from a Limited Partner has not been obtained in an unethical manner. This should form part of the Anti-Money Laundering/Countering Terrorism Financing checks that are mandated by the Financial Markets Authority. While it is not always possible to determine the exact sources of funds, the General Partner should make best efforts to ensure that the reputation and mana of Matū Group is protected.

## **11. COMPANY MONITORING AND DIVESTMENT MECHANISM**

One of the most challenging aspects of investing in early-stage science and technology is that the company can change after any investment has been made. The company may produce a new product, a new application may be found, or the team may change and/or behave in a way that is contrary to the principles of Matū Group.

Our investee companies should include in their reporting some consideration about the Environmental, Social, and Governance (ESG) factors that are material to long-term results. Additionally, Project Champions and key individuals within Matū Group who are actively involved with an investee company, such as those holding Directorship roles, Observership roles, or Advisory roles, should monitor the company and management to ensure their general compliance and strategic direction fits alongside the Matū Group Ethical Investment Policy guidelines. The presence of new risks should be disclosed, and mitigated where possible. Where something new of concern has appeared, the General Partners should consider the potential impact.

The General Partners are empowered under this policy to decide that Matū Group or any fund therein should divest from any investment if it becomes apparent that an investee company has breached our ethical expectations and guidelines. It should be noted that it is not always possible to actually divest immediately, and Matū Group's responsibility is still to maintain and retain value for the organisation and funds therein as much as possible. The General Partners will make best efforts to find ways to divest from the investment if necessary. However, it should do so carefully, and in a way that tries to preserve the mana of the funds, our organisation, and our investors.

## **12. KOTAHITANGA**

While ethics can be very subjective, the aim of this policy is to bring the General Partners, Limited Partners, Employees and Staff, and Investee Companies together on to a common page so that we can all progress forward together in an ethical and safe way. It is important that concerns are heard and taken seriously, and no person should be compelled to participate in something that they believe is unethical. Investee companies in particular should take this policy seriously, as the onus falls on them to act and behave in an ethical way, in order for our organisation and our funds to be able to invest in them, continue to maintain the investments, and provide ongoing support.

## **13. POLICY REVIEW PROCESS**

This policy may be reviewed and amended at any time to meet the needs of Matū Group Limited, but will be reviewed no less than once every 12 months. Any changes must be communicated to all employees.

*Last reviewed: 5 December 2022*