MAS Responsible Investment Policy

Issued by Medical Funds Management Limited

1 September 2026

Signatory of:

PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT

Contents

The MAS Responsible Investment Policy covers all MAS Schemes and Group Funds (refer Schedule 1).

1. Purpose and scope

The MAS Responsible Investment Policy (Policy) describes the way that Medical Funds Management Limited (MFM), as the Manager of the MAS Schemes, and MAS Group Funds (refer to Schedule 1), implements its responsible investment beliefs. MFM is a wholly owned subsidiary of Medical Assurance Society New Zealand Limited (MAS). MAS (us, we, our) is the term used throughout this Policy to refer to all MAS Group companies and activity across all entities.

This Policy is designed to be read alongside other governing documents, including the Schemes' Product Disclosure Statements (PDS), Statements of Investment Policy and Objectives (SIPO), and Other Material Information booklets (OMI).

This Policy is reviewed annually, or more frequently if required, and approved by the MAS Group Boards. Accordingly, this Policy may be subject to change from time to time.

Refer to a list of our key definitions in Schedule 3.

2. Guiding principles

Our primary objective is to achieve positive risk-adjusted financial returns over the long-term. However, MAS believes investing responsibly can support a sustainable future, and more specifically that:

- It is responsible to restrict investments in companies in sectors based on their involvement in areas of harm.
- Environmental, social and governance (ESG) factors, including climate factors, can impact long-term risk and return outcomes, and these should be incorporated into the investment decision making process.
- Active management can support a more sophisticated application of responsible investment principles beyond simple exclusions.
- Active ownership can support long-term shareholder value creation by providing investors with an opportunity to enhance the value of companies and markets.

3. Responsible investment approach

Our primary objective is to achieve positive risk-adjusted financial returns over the long-term.

Our approach to responsible investment is as follows:

- Screening exclusions – we do not invest in companies that meet certain criteria, including those relating to fossil fuels, weapons, tobacco and very severe controversies (refer Schedule 2).
- ESG integration – ESG factors, including climate factors, are considered as part of the investment decision making process as described below under the heading ESG integration.
- Active ownership – we arrange for an external provider to conduct proxy voting at company meetings and engagement with investee companies.
- Industry associations – our membership of industry associations PRI and RIAA demonstrates our commitment to incorporating responsible investment considerations into our investment practices.

In addition to the MAS Schemes, this Policy is also applied in its entirety to MAS internal insurance reserves and company money.

We do not apply this Policy to private equity investments.

Screening exclusions

We do not invest in companies that fail to meet certain criteria, which reduces the overall investible universe. We have agreed with our specialist investment managers that they will apply our exclusion criteria (refer Schedule 2) as part of their approach to responsible investing. These exclusions generally apply to all derivatives, subject to any approved exceptions as noted in Schedule 2.

We have adopted a targeted approach to exclusions, which allows for specific approved exceptions to the exclusion screens, where there is not a practical alternative. For example, we do not exclude investment in companies with exposure to metallurgical coal, which is a key ingredient in steel production for which there is no cost-effective substitute. All exceptions to our exclusion criteria must be approved by the MAS Group Boards.

The screens utilised are either based on an individual company's involvement in restricted activities or revenue thresholds received from those restricted activities.

If a non-complying holding is identified, it will be divested as outlined under the divestment timing heading under section 4 of this Policy.

Where MAS invests in a collective investment vehicle (CIV)[1], the CIV's exclusion criteria are reviewed to assess alignment with this Policy. Quarterly reviews are conducted on a look-through basis to the underlying securities of all pooled CIV's (except private equity) to assess ongoing compliance with this Policy. Where holdings are identified that are inconsistent with this Policy, MAS will engage with the manager of the CIV to seek an explanation and divestment if required. The only CIV exposure for the MAS Schemes is to the international fixed interest asset class.

A full list of our exclusion criteria, and approved exceptions can be found in Schedule 2.

Sanctions: The MAS Group Boards must approve any country or group exclusions imposed over and above New Zealand law and regulation and this Policy.

[1] CIV are investment vehicles that have multiple investors

Implementation methodology

This Policy is provided to our specialist investment managers to enable them to determine exclusion screens that align with our exclusion criteria. Screens matching our criteria may be selected either by the managers directly or through engagement with an ESG data analytics provider.

When an ESG data analytics provider is utilised, the provider researches each company's involvement in various business activities. The process draws on, but is not limited to, public company disclosures, third-party vendor data and direct company communication. It results in classifications (including revenue exposure measures) that can be applied to implement exclusion screens on a rules-based basis.

The specialist investment managers apply these screens to assess securities held by our Schemes and identify companies involved in excluded activities. Companies identified through this process are restricted from inclusion within the Schemes or Group Funds.

Some companies may not be covered by the screens provided by the ESG data analytics providers used to implement the exclusions criteria in Schedule 2. These companies must either meet the specialist investment manager's responsible investment framework, or be divested as outlined under the 'Divestment timing' heading in section 4 of this Policy.

ESG integration

Our specialist investment managers incorporate many factors into their decision-making process. This includes ESG factors, however, our primary objective is to achieve positive risk-adjusted financial returns over the long-term.

As part of our investment process, we require our specialist investment managers to consider ESG factors as part of their investment decision-making process. We do not prescribe a uniform approach to ESG integration, allowing our investment managers discretion to apply their own ESG processes in incorporating these factors.

Prior to appointment, we assess each manager's approach to incorporating ESG considerations, including (but not limited to) their treatment of climate-related factors and the adequacy of their ESG resources. This assessment forms part of the manager selection process. Following appointment, responsibility for the implementation of ESG considerations rests with each manager, in accordance with their respective established methodologies.

ESG risk assessment is a developing field. As the industry evolves, greater data accessibility, improved accuracy, and/or changes to the reported exposure to exclusions, may lead to the identification of holdings that no longer meet our exclusion criteria. If this occurs, the newly excluded investment will be divested in line with the 'Divestment timing' heading in section 4 of this Policy.

Active ownership

Share voting

As a shareholder of publicly listed companies, MAS has the right to vote on behalf of investors at shareholder meetings and regards this as a part of its fiduciary responsibility.

MAS has appointed an external proxy voting agent to execute voting in accordance with specified proxy voting guidelines. MAS has selected the agent's Socially Responsible investment proxy voting guidelines, which includes (but may not be limited to), environmental & climate action, and human rights & diversity.

The proxy voting activities and the voting agent's guidelines are reviewed annually to ensure alignment with our guiding principles.

Our latest proxy voting report is published on our website at mas.co.nz/responsible-investments.

Engagement

Engaging with companies to promote our ESG beliefs is a part of our responsible investment approach. Engagement activities are conducted on our behalf by an external agent. MAS has selected the agent's framework advocating for human rights, labour rights, anti-corruption, and the environment. Our latest engagement report is published on our website at mas.co.nz/responsible-investments.

The external agent collaborates with other investment managers across the industry, including through aggregating company engagement. This approach leverages the collective shareholder influence of numerous investors, seeking to achieve a greater impact than we could on our own.

Industry associations

MAS is a signatory to the UN Principles of Responsible Investment (PRI) and the eligible funds of the Schemes identified in Schedule 1 are certified by the Responsible Investment Association of Australasia (RIAA).

PRI is a leading proponent of responsible investment and supports an international network of investor signatories to incorporate ESG factors into investment and ownership decisions. PRI is a voluntary framework, with 6 Principles. These include being an active owner, such as exercising voting rights, and incorporating ESG factors into the investment process. More information on the PRI Principles can be found at unpri.org/about-PRI/what-principles-for-responsible-investment.

RIAA promotes responsible investing and a sustainable financial system in Australia and New Zealand. RIAA certification of our funds signifies MAS has implemented an investment style and process for these funds that takes into account ESG considerations, and this investment process reliability has been verified by an external party. RIAA certification is typically reviewed and renewed every 2 years.

MAS believes the purpose of these organisations is aligned to our guiding principles. Our status as a signatory of PRI and certification by RIAA provides an independent assessment of our responsible investment programme and signals our commitment to investing responsibly.

We believe these organisations represent best practice for responsible investment and aligning with them enables us to stay up to date on industry developments. In the event that RIAA updates their criteria, or we fall short of meeting the requirements, we will proactively engage with them, seeking to address and resolve any identified issues.

4. Implementation and governance

Exclusions

Companies we will not invest in are based on our exclusion criteria found in Schedule 2. Any changes to these criteria are approved by the MAS Group Boards and implemented by our specialist investment managers.

Monitoring

Our specialist investment managers monitor the companies held against the exclusion screens. On at least a quarterly basis, our lead investment manager reviews all securities held in the Schemes and Group Funds (except for private equity) for adherence to our exclusion criteria, with further investigation conducted for any non-compliant securities identified. All exceptions are reported through to MAS. If a non-complying security is held, we will divest in line with the 'Divestment timing' heading in section 4 of this Policy.

Annually, or more frequently if required, an independent ESG data provider reviews our criteria in Schedule 2 and recommends screens that best match our investment criteria. We then assess and consider the recommendations to ensure the screens remain aligned to this Policy. There is no ongoing exclusion monitoring for private equity investments.

The Investment Committee oversees the Responsible Investment Policy, which is approved by the MAS Group Boards. This Policy will be reviewed annually by the Investment Committee, or more frequently if required. Any material changes to the Guiding Principles set out in this Policy will be communicated to members and may impact our status with the industry associations outlined above.

Key responsibilities for the maintenance and implementation of this approach:

Name of owner	Area of responsibility
MAS Group Boards	• Approve this Policy • Approve exclusion criteria
Investment Committee	• Endorse Policy and exclusion criteria to Board for approval
MAS CEO	• Monitoring of Policy • Reporting to Investment Committee

Divestment timing

Exclusion screens are applied at least quarterly. Any company that does not comply with this Policy in the most recent screening will be divested as soon as reasonably practicable, usually within 4 weeks, taking into consideration factors such as market liquidity. Following any changes made to the exclusion criteria, or the implementation of screen updates by the ESG data analytics provider, divestment will occur at the next quarterly screening, or earlier if practicable.

Climate change

We are committed to fulfilling any disclosure and reporting requirements we have under New Zealand law and the Aotearoa New Zealand Climate Standards. The most recent climate statements in respect of our climate reporting entities can be found on the Climate-related Disclosures Register: companiesoffice.govt.nz/all-registers/climate-related-disclosures.

5. Schedules of the Policy

Schedule 1

MAS Schemes[1]:

- MAS KiwiSaver Scheme (eligible funds are RIAA Certified)
- MAS Retirement Savings Scheme (eligible funds are RIAA Certified)
- MAS Investment Funds (eligible funds are RIAA Certified)

MAS Group Funds:

- Medical Insurance Society Limited
- Medical Life Assurance Society Limited
- Medical Funds Management Limited
- Medical Assurance Society New Zealand Limited

Schedule 2 – Exclusions

Our investment managers may use information from ESG data analytics provider(s) to determine a company's involvement in the below activities and adopt screens that best match this list of exclusions. The implementation of these exclusions can be impacted by the accessibility and accuracy of data, as well as interpretations made by the investment manager or the ESG data analytics provider.

Investors should be aware of the risk that on occasion the Schemes may inadvertently hold a security which, according to this Policy, we should not hold. For example, this could happen where an improvement in the availability of data may mean that a security that was previously held in compliance with the Policy may no longer meet the Policy requirements.

Any error in the application of the Policy that we identify will be addressed in accordance with the process under the 'Divestment timing' heading in section 4 of this Policy. However, where any non-compliance with this Policy is caused by or occurs because a portfolio's assets are transitioning between underlying investment managers or investment strategies (whether existing or replacement), such non-compliance shall not be considered a breach of this Policy provided it is rectified as soon as reasonably practicable after such transition is complete.

The specialist investment managers that apply our exclusions, may at times face practical or technical constraints in fully aligning with our specified exclusions. In those circumstances we will engage with the specialist investment manager to find an appropriate solution while maintaining the guiding principles of this Policy.

[1] The Responsible Investment Association of Australasia does not currently assess cash funds as part of their Certification Programme.

We currently exclude companies involved in the following activities:

Sector	Companies involved in	Threshold for exclusion
Fossil fuels	**Oil, gas, and coal** Companies that generate 10% or more of their revenues from: • Oil and gas related activities • Thermal coal mining and its sale to external parties • Oil, gas, or coal-based power generation.	10% or more of revenues
Weapons	**Controversial weapons** Companies that generate any revenue from or have involvement in the manufacture of controversial weapons, including those prohibited under New Zealand legislation such as cluster munitions, chemical weapons, antipersonnel mines, or nuclear explosive devices.	0% or more of revenues
	Civilian firearms Companies that generate 10% or more of their revenue from production, wholesale or retail sale of firearms or small arms ammunition intended for civilian use.	10% or more of revenues
	Military contracting Companies that generate 10% or more of their revenue from the manufacture of military weapons, systems, and components, and provide support services to those weapons, systems, and components.	10% or more of revenues
Tobacco	**Production or Manufacture** Companies that generate any revenue from the production or manufacture of tobacco, tobacco-based products or are involved in the exclusive production of alternative smoking products.	0% or more of revenues
	Retail sale, distribution, license, or supply of essential products Companies that generate 10% or more of their revenue from the: • retail sale of tobacco products • distribution of tobacco products • licensing to tobacco products • supply of essential products to the tobacco industry.	10% or more of revenues
Controversies	**MSCI Controversy scores** Companies involved in 'very severe' controversies that score 0 ('red flag') on MSCI's ESG Controversy criteria are excluded from all portfolios.	All companies that are non-compliant

Approved exceptions to exclusions listed in Schedule 2

- Metallurgical coal: Metallurgical coal is used as a primary ingredient in steel production and there is presently no cost-effective substitute available. As such, we do not exclude metallurgical coal mining and certain by-products that primarily result from its use in the steel production process.
- Derivatives: During the transition between investment managers or investment strategies, we may use derivatives to maintain broad market exposure while we finalise arrangements for direct investment. This helps ensure that market exposure is maintained during the transition period.

Schedule 3 – Key definitions

- Oil and gas related activities include:
  - » Extraction and production, oil refining, gas processing, pipelines and transportation, distribution, retail, equipment and services, and petrochemicals.
  - » Trading of oil and gas and related products.
- Tobacco
  - » Tobacco products: includes, but may not be limited to, tobacco, alternative smoking products or tobacco-based products.
  - » Distribution of tobacco products: companies involved in the wholesale of tobacco products to retailers and other distributors.
  - » Licensing to tobacco products: companies that license brand names to tobacco products.
  - » Essential products to the tobacco industry: includes, but may not be limited to, tobacco roll paper, cigarette filters, tobacco packaging and cigarette manufacturing machines.