ERIKSENSGLOBAL
Actuaries & Investment Strategists

NORTHLAND REGIONAL COUNCIL

ERIKSENS RESPONSIBLE INVESTMENT REPORT

8 NOVEMBER 2018

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INTRODUCTION

This report includes data from Eriksens Responsible Investment Survey as at 30 June 2018 as it applies to the Northland Regional Council ("NRC") externally managed funds. The Survey is conducted twice a year and covers the following exposures:

- Alcohol
- Armaments
- Distribution of fossil fuels
- Extraction and processing of fossil fuels
- Gambling and gaming

- Prostitution or pornography
- Renewable energy
- Sustainable forestry
- Tobacco

How securities are defined as say tobacco or fossil fuel companies is a highly subjective concept and there are various classification schemes. We choose to define it by using the Global Investment Classification Standard ("GICS"), which involves analysts from the credit rating agencies MSCI and Standard and Poor's periodically classifying companies, based on what they believe is the "principal business" of a company. Thus companies with limited exposure to say, tobacco, through for example retail sales won't be considered "tobacco" companies. Conversely, excluded companies with significant exposures to "non-bad" activities will still be excluded.

Exposure is to any part of the "capital structure" of a company, whether equity or debt. The categories chosen are based on what the analysts deem to be the principal business of a company, taking into account qualitative factors, quantitative measures and market views.[1]

NORTHLAND REGIONAL COUNCIL, SELECTED EXPOSURES

Exposure as at 30 June 2018 Principal Business Activity	CIF %	PRF %	IIF %	STIF %	NRC Total %
Alcohol	0.61	0.46	0.77	0.29	0.57
Armaments	0.03	0.00	0.05	0.01	0.02
Distribution of fossil fuels	0.10	0.54	0.05	0.00	0.26
Extraction and processing of fossil fuels	3.03	3.32	1.66	1.06	2.69
Gambling and gaming	0.84	1.70	0.39	0.59	1.06
Prostitution or pornography	0.00	0.00	0.00	0.00	0.00
Renewable energy	3.40	3.18	3.19	6.28	3.45
Sustainable forestry	0.44	1.31	0.53	0.00	0.78
Tobacco	0.00*	0.00	0.00	0.00	0.00^

*0.0026, due to rounding

^0.0007, due to rounding

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[1] www.msci.com/gics

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