

Impact Investment Policy Summary

August 2021



Investing
In Our
Community



TRUST 
HORIZON

Purpose

This document summarises the key elements of the more detailed Impact Investment Policy.

Our Approach

Trust Horizon recognises that impact investment is an emerging market in Aotearoa and the quantity and quality of investment opportunities are growing over time. A flexible approach to impact investing will be taken, which balances the individual investments need for finance with a careful management of exposure to risk.

The Trust's initial impact investment focus is to secure more meaningful work for local communities through investing in opportunities that provide sustainable job creation and economic growth.

Impact Investment Principles

Trust Horizon's impact investment is based on the following principles:

1. The portfolio will consist of investments that are located in the District.
2. The expected financial return will vary by individual investment. However, there is an expectation of a net positive return over the investment period. Expected return will be assessed against the concept of "market return".
3. The Trust is prepared to accept that some impact investments will have a higher level of risk.
4. Investments can be made through a range of Investment vehicles.
5. The time horizon for impact investment is over the medium (>5 years) - to long-term (>10 years), and results will be similarly assessed this timeframe.
6. The Trust is committed to measuring the impact of its impact investments, as well as the financial returns.
7. All applicable fiduciary, prudence and due diligence requirements; as well as all applicable laws, rules and regulations, will be complied with.

Roles and Responsibilities

Board of Trustees

The Board has ultimate responsibility for the Trusts investment assets and portfolio, including impact investment.

Management

The Trust Manager has responsibility to implement the Trust's impact investment activity in accordance with the Policy.

Impact Decision Making

Investment opportunities that align clearly with the Trust's intention will then be assessed against the SIPO, Impact Investment Policy and due diligence processes which will vary according to the investment being considered. Broadly the process is as follows:

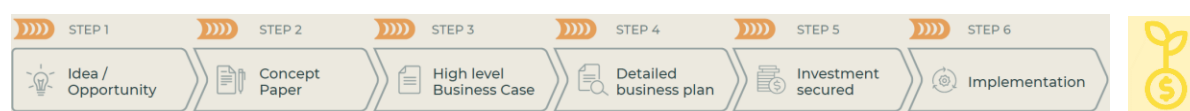


Figure 1: Overview of the Impact Investing evaluation process (Source: Tikanga-led Impact Investment <https://theconnective.nz/>)

Impact Returns

Trust Impact funding provides finance for investee enterprises through equity or debt, or by providing risk insurance. The financial contribution enables either an expansion of the activities of the company or an improvement in the financial sustainability to support the activities of the company. A financial contribution may also be concessionary in nature (below market return) provided they meet one or more of the Trust Deed's granting requirements.

Prior to investing Impact Returns will be evaluated based on a suitable estimate of "market" return, and monitored thereafter.

Impact Measurement and Management (IMM)

The impacts of each investment will be governed and monitored alongside financial objectives. This allows for an understanding of whether the short-term changes and long-term effects are occurring in the ways anticipated at the time of investing, while also accounting for unexpected developments that may cause an investment to outperform or underperform on impact.

Change History

Summary of Change	Date