

Te Hauwha Tuatahi | 1st Quarter Report

Poutū-te-rangi : 31 March 2024



TAHITO Te Tai o Rehua Fund

This communication is for information purposes only and does not represent an offer to invest in TAHITO.

	31-Mar-24	Month	3 Mths	6 Mths	YTD	1 Year	2 Years	3 Years	Inception 8-Oct-19
Fund		3.5%	4.0%	10.3%	4.0%	10.6%	3.3%	4.3%	6.7%
Benchmark		4.4%	4.8%	11.0%	4.8%	9.8%	3.6%	4.6%	6.0%
Alpha		-1.0%	-0.8%	-0.7%	-0.8%	0.8%	-0.3%	-0.2%	0.7%

Benchmark - 50% NZX 50 Portfolio index (including imputation credits) / 50% ASX Accumulation 200 index (in NZD). Fund returns are after deductions for fees but before tax. Benchmark returns have no deduction for fees or tax.



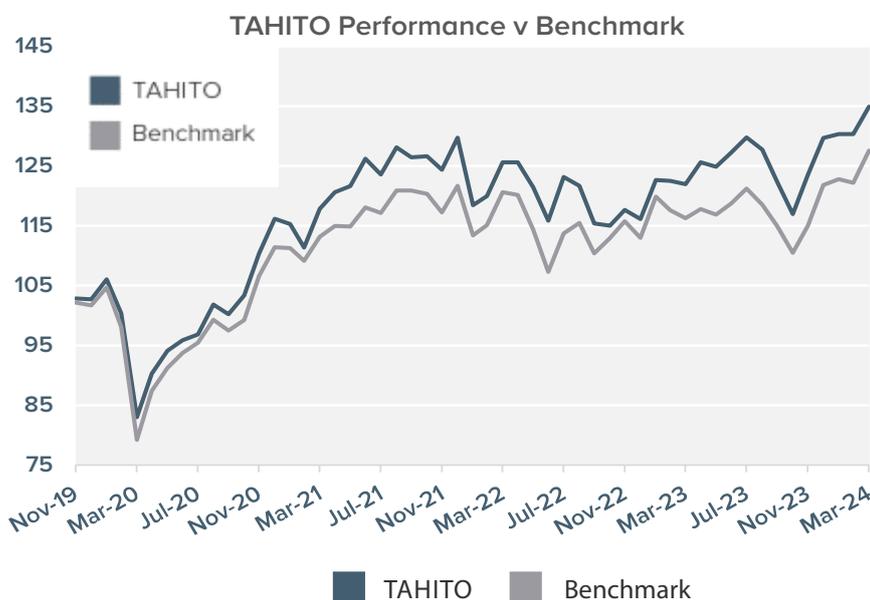
TAHITO



CERTIFIED BY RIAA

The TAHITO Te Tai o Rehua Fund has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestments.com.au for details.1

1. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.



TAHITO Motuhake | TAHITO Te Tai o Rehua Fund Performance

Te Tai o Rehua Fund returned a positive 3.5% for the month, albeit approximately -1.0% behind the benchmark of 4.4%. The return for the first quarter 2024 was 4.0%, down -0.8% on the benchmark. Both the NZ and Australian share markets were positive for the March 2024 quarter, with the NZX 50 up 3.1% and the ASX 200 up 6.6% (in NZD terms).

In the March 2024 quarter, the NZ share market was influenced by the potential peak in rising costs as well as easing labour market pressures, which offered some optimism for NZ businesses. The housing market had a subdued start in the first quarter of 2024. The average property value across NZ was \$934,806, up 3.2% from September's trough, but still 10.4% below the recent peak. High mortgage rates and tighter lending restrictions were significant factors influencing this trend. The Reserve Bank left the Official Cash Rate at 5.5%. Retail sales volumes fell for the eighth consecutive quarter in the December 2023 quarter. New Zealand's goods terms of trade fell 7.8 percent in the December 2023 quarter.

The Australian markets went from an initial December gloom to strong rally, with the ASX 200 climbing 5.3% (6.6% in NZD), led by the Real

Estate sector up 18.1% (in NZD terms) and fuelled by global optimism. However, the economy eased with the jobless rate creeping up, and inflation remained sticky. The currency bounced erratically, while bonds enjoyed a breather from rate hike fever. Overall, a rollercoaster quarter with glimmers of hope amidst lingering uncertainty.

S&P Global Market Intelligence revised its global growth forecast for 2024 upward in March. Annual real GDP growth is now projected at 2.6%, up from 2.3% at the start of the year. Global consumer price inflation in 2024 is projected to be 4.8%, down from the 2023 average of 5.7%, but disinflation has become more uneven. Sticky services prices remain a concern, while core goods consumer price inflation fell sharply. Over the last three months, global equities made strong gains, but there's elevated risk of a market pullback if expected interest rate cuts don't materialise. The S&P 500 jumped +10.6%, the Nasdaq 100 rose by +8.7% and the Euro Stoxx 50 soared by +12.8%. The UK FTSE 100 was up a more modest +4.0% and the Chinese CSI 300 was up by +3.1%.

TAHITO Fund Performance - Continued

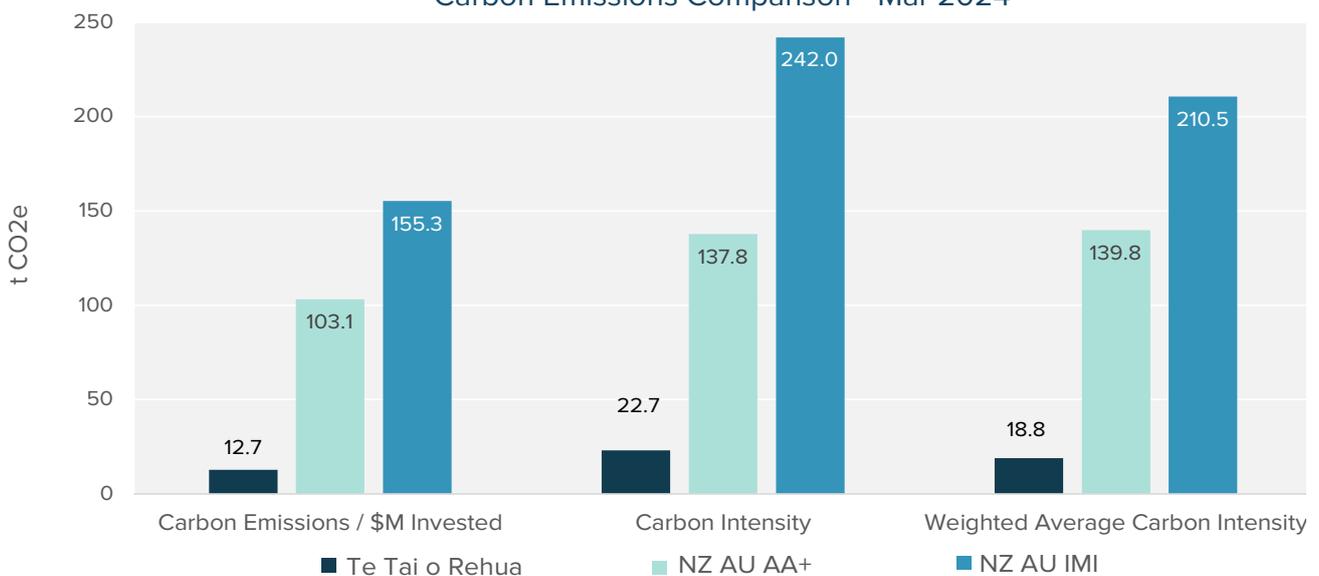
The key movers in the TToR Fund during the month were:

- ALS Ltd +12.2% (in NZD). ALS has diversified its earnings base to mitigate exposure to highly cyclical commodity markets. Expansion into food and pharma testing, as well as inspection and certification markets, should provide more stable growth relative to volatile minerals testing.
- Brambles +10.9% (in NZD), as sales revenue grew by 10%, driven by improved commercial terms. Operating profit surged by 19%, benefiting from a transformation program. The company anticipates underlying profit growth of between 13-15% at constant currency, which is an upgrade from the previously expected 9-12%.
- EBOS Group -7.3% as the termination date of the key Chemist Warehouse contract grew closer and speculation increased that the company may fall out of the MSCI Global index.
- Carbon Fund -7.9%. The combination of factors related to the ETS auctions and government policy changes may have contributed to the NZ carbon price drop in March 2024.

Good news regeneration (te whakahau) stories from Hakihea - December 2023:

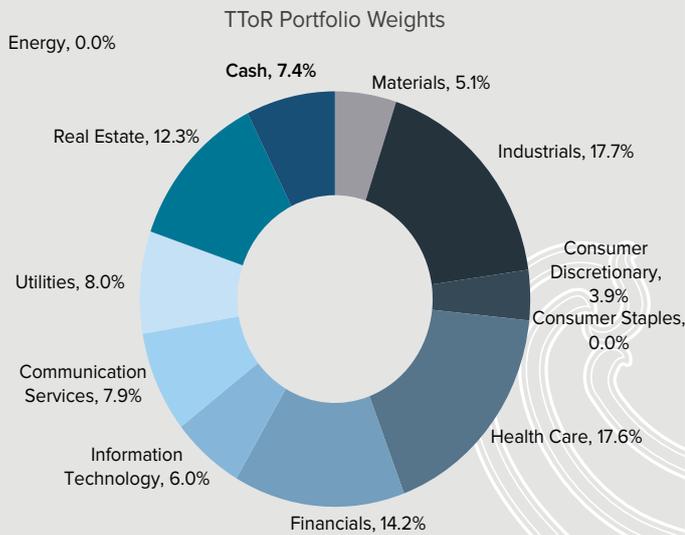
- Solar Energy: A French town installed a canopy of solar panels over its cemetery, distributing energy to local residents. The town of Saint-Joachim installed the 1.3-megawatt canopy to not only generate clean energy but also collect rainwater for a nearby sports complex, helping to prevent flooding in the marshy cemetery. The energy produced will be equitably shared among the residents.
- Soil Health: The European Parliament's Environment Committee backed a proposal for mandatory monitoring and remedial measures to restore an estimated two-thirds of soils that are in poor health. The new Soil Monitoring Law provides a legal framework to help achieve healthy soils by 2050. It establishes a solid and coherent monitoring framework for all soils across the EU so member states can take measures to regenerate degraded soils.
- Fuel Tax: Polluting private jets could face a 400% fuel tax increase under a new Biden proposal. The budget would gradually raise the tax on fuel used by private jets from about \$0.22 per gallon now to \$1.06 per gallon in five years. The increase would help stabilize funding for the Federal Aviation Administration's management of the national airspace, which is mostly paid by airline passengers.
- Diet and Climate Change: A global shift to a healthier, more sustainable diet could be a huge lever to limit global warming to 1.5C. The resulting reduction of greenhouse gas emissions would increase the available carbon budget compatible with limiting global warming to 1.5C, and allow us to achieve the same climate outcome with less carbon dioxide removal and less stringent CO2 emissions reductions in the energy system.

Carbon Emissions Comparison - Mar 2024



The carbon emissions in Te Tai o Rehua Fund are 89% lower than all NZ AU MSCI listed equities with a AAA or AA ESG rating. Carbon intensity is 85% lower and weighted average carbon intensity is 86% lower. (NZ AU AA+ = New Zealand and Australian equities with and ESG rating of AA or better) (NZ AU IMI = The Morgan Stanley New Zealand and Australia Investible Market Index).

TAHITO Te Tai o Rehua Portfolio Weights



Ngā āhuatanga motuhake o te Tahua Key features of the fund

- Positive ethical screening
- Low carbon foot print
- Holistic sustainability measures
- High ESG quality
- Active management
- Experienced team
- Environmental & social impact
- Competitive fees

Top 5 Investment Holdings	Sector	T-Score	V-Score	Mkt Cap \$NZbn	Weight
Meridian Energy	Electricity NZ	6.6	6.1	15.1	8.1%
Commonwealth Bank Of Australia	Banks	5.6	2.9	199.0	6.1%
Spark New Zealand	Telecommunications	5.6	5.5	8.6	6.0%
Brambles	Commercial Services	6.8	5.7	22.2	5.3%
Sims Metal Management	Metals & Mining	6.6	5.5	2.4	5.0%

Te Maramara Rorohiko Moroitī | The Micro Computer Chip

Ki te kahore he whakakitenga ka ngaro te iwi - Without foresight or vision the people will be lost.

What is more important in life - water or semiconductors?

In our complex 'developed' world, almost all of today's electronic technology involves the use of semiconductors. Therefore, to manage and operate water filtering and reticulation systems to provide water to homes, communities and industry invariably require technology with semiconductors. Bottled water will require semiconductors in the technology that makes the bottles (glass, plastic, aluminium) and in the process to test, filter and move the water into the bottles and deliver them to the stores, not to mention the semiconductors in the electronic payment system used to purchase the bottled water.

Shrinking the computer chip is one of humanity's greatest scientific feats. It has enabled the processing power that has digitalised almost every aspect of our lives. Only three companies in the world (Intel, Samsung and TSMC) are capable of mass producing chips powerful and small enough for today's advanced mobile technologies. Many advanced transistors are now built atom-by-atom. Some of the smallest are 50nm tall and turn on and off billions of times a second. Just one square millimetre can be home to 200 million transistors, with tens of billions across a chip. Manufacturers plan to cram in a trillion in the not-too-distant future.

Let's dive into the microscopic world that controls our modern life.

[Inside the Miracle of Modern Chip Manufacturing](#)

Te Whakaaturanga Tahua | Fund Description

Putting Environment and People before profit: The TAHITO Te Tai o Rehua is a values led ethical and sustainable Australasian equities fund for investors who want competitive market returns but equally would like to see their capital applied to a high ethical standard and in investments that are making a positive social and environmental impact.

TAHITO Te Tai o Rehua provides a holistic accountability on wellbeing using ethical and sustainable screens derived from Māori indigenous values. Māori values and ethics place people and the environment in high priority. This thinking is derived from the ancestral Māori worldview, which can be described as a holistic socio-ecological system that centres on the connection and interrelationship of all things. The process is called 'Te Kōwhiringa Tapu' which translates to 'Careful Selection'.

Te Kōwhiringa Tapu investment process integrates ESG on a values basis and applies a positive scoring system. The fund measures 'Aroha Connection', because the stronger the Aroha the better the Mauri. We are effectively measuring 'behaviour change', the transition of companies from the 'substantive', internally focused, very self-absorbed behaviours, to the ideal 'relational', externally connected, collective behaviours. This requires ethically strong and committed governance with a clear drive toward long-term sustainability to enhance financial returns.

Te Matauranga Horihori me te Matatika | Artificial Intelligence and Ethics

The formation of AI models is heavily reliant on training data, which significantly influences the models' perception and comprehension of the world. The challenge lies in the creation, curation, and validation of these datasets due to their vast size, necessitating the use of additional AI models for classification and other aspects of the process.

This illustrated narrative delves into the specific case of LAION-5B, a publicly available "foundational dataset" consisting of images and corresponding text captions. In December 2023, it was discovered that this dataset contained over 3,000 images categorized as child sexual

abuse material. The narrative underscores the numerous biases and potential issues that can arise in training data and the AI models that result from it, from the sources of LAION-5B's images to the statistical methods used in its curation.

[Models All The Way Down \(knowingmachines.org\)](https://www.knowingmachines.org/)

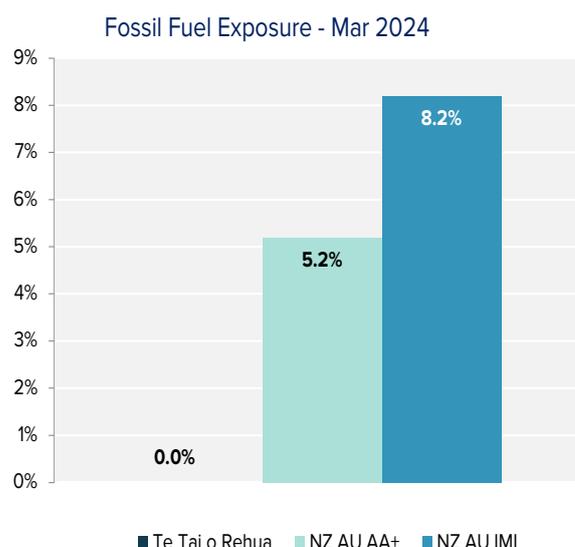
Te Kura Whakangao | Investment Philosophy

The TAHITO investment philosophy focuses on providing high quality ethical and sustainable investment services to investors. It is based on the following principles:

1. We are ethical investors. We actively seek companies that are well run and meet our stringent Māori ethical screening tests.
2. We have a disciplined approach to risk management.
3. We actively manage the portfolio, enabling quick assessment and reaction to adverse changes.
4. We look for long term sustainable growth potential and a willingness to change and engage new tech.
5. We take a long-term view.
6. We are values-based investors. We invest in quality companies that are serious about their ethics and committed to low environmental impact and a high-level of social and corporate responsibility.
7. All securities undergo fundamental valuation and financial quality analysis.
8. We integrate MSCI Environmental Social and Governance (ESG) research on a values basis in our ethical screening.

TAHITO | Portfolio Analysis as at 31 December 2023

Risk	TAHITO TToR	Benchmark	Difference
Total Risk	14.6	13.7	0.9
Tracking Error	6.0		
Beta	0.97	1.00	-0.03
No. of Stocks	28	250	-222
Active share	74%		
Aggregate Statistics: Value	TAHITO TToR	Benchmark	Difference
Dividend Yield	3.4%	3.7%	-0.3%
Earnings Yield	4.9%	5.5%	-0.7%
Quality			
High Quality	34.2%	23.5%	10.7%
ROE	6.0%	6.6%	-0.6%



TAHITO Engagement and Proxy Voting

Whakarāpopototanga | Summary

During the first quarter of 2024 TAHITO submitted proxy votes for following companies:

GMT - Goodman Property Trust: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). TAHITO voted for the internalisation of the management services and company. TAHITO voted for the issue of units to make the transaction at an issue price of \$2.14 per Unit, for aggregate consideration of \$290,000,001. TAHITO voted for the appointment of Goodman Property Services (NZ) Limited as the new manager of Goodman Property Trust upon settlement of the internalisation.

TNE - Technology One: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). TNE has only two female directors out of nine. TNE should be increasing their female representation on the Board. TAHITO abstained on the vote to re- elect Peter Ball and voted for the re-election of Sharon Doyle. TNE has a high wage ratio of 25 to 1. Based upon our equity principle, TAHITO voted against the remuneration report, and against the grant of FY24 LTI options to the CEO.

KMD Brands Limited (KMD)

Whakarāpopototanga | Summary

KMD has a Tahito score of 5.3 (out of 10) with a good Te Pae o Rangi (emissions) score of 7.8, and above average scores in climate change (5.4), and Human Capital (6.9). KMD has an 'AA' MSCI ESG rating.

TechnologyOne Limited	Score
Women Directors	28.6%
Women in Executive roles	50.0%
\$M Donations and community grants	\$1.14
% of NPAT to community grants	3.1%
Has achieved Carbon Netural (CO2 only, Y/N)	N
Target date for carbon netural if N	2030
Has set target for Net zero scope 1,2 (Y/N)	Y
Target date for Net zero Scopes 1&2	2030
Has set target Carbon Net zero Scopes 1,2 &3 (Y/N)	N
Target date for Net zero Scopes 1,2 & 3	0
Scopes 1&2 Carbon Emissions - Key *	Reported
Scope 1+2 (metric tons) *	9,744
Scope 1+2 Intensity (t/USD million sales) *	15.9
Scope 3 Carbon Emissions - Key *	Estimation
Scope 3 - Total (combined dataset) *	199,520
Scope 3 - Total Sales Intensity (combined dataset) *	324.8
Total GHG Emissions (Scopes 1, 2 and 3) *	209,264

Software and Services	Score
T-score	5.3
V-score	5.5
Te Pai o Rangi TAHITO Score	7.8
Climate Change Theme Score*	5.4
Te Poho o Papa TAHITO Score	2.5
Environmental Pillar Score*	5.4
Environmental Opportunities Score*	-
Natural Capital Score*	-
Pollution and Waste Score*	-
Human Capital Score*	6.9
Wage Ratio (multiple of median wage)**	16
Qualitative TAHITO Community Score	5.0

Carbon intensity +tons / \$M sales

* MSCI ESG data and scores

** CEOs salary divided by the median wage

Whakarāpopototanga | Summary

This quarter we provide insights into KMD Brands. Formerly known as Kathmandu, KMD Brands is a global outdoor and lifestyle sportswear and equipment company consisting of three brands: Kathmandu, Rip Curl and Oboz.

KMD Brands Ltd (KMD) FY2023 Review: Climate Change

KMD's FY2023 performance presents a mixed picture regarding its commitment to climate action. While initial steps towards sustainability are commendable, a more comprehensive and ambitious strategy is necessary to address stakeholder concerns and ensure KMD's long-term competitiveness in a climate-conscious market. By embracing transparency, setting ambitious targets, and prioritizing sustainable practices, KMD can transform into a leader in climate-responsible consumer goods.

KMD Brands Limited (KMD) - Continued

Key Findings:

- **KMD Targets:** Reduce absolute Scope 1 and 2 emissions by a minimum of 47% by 2030, from an FY19 base year (4.2% per annum emissions reduction). Reduce absolute Scope 3 emissions by a minimum of 28% by 2030, from an FY19 base year (2.5% reduction per annum).
- **No clear breakdown of emissions sources:** Identify the major contributors to their footprint, such as production, transportation, or energy use.
- **KMD GHG intensity 192 tCO₂e (per \$m sales NZD).** FY23 figures are audited, pre-verified numbers. Scope 1 emissions are direct emissions. Scope 2 emissions are indirect purchased electricity emissions. Scope 3 are indirect value chain emissions including all relevant upstream and downstream emissions sources, noting that only a subset of these are included within the Science-Based Target boundary. The audit requirements of ISO 14064-1:2018 was used to assess conformance. KMD obtained reasonable assurance over Scope 1 and 2 emissions and limited assurance over Scope 3 emissions. Emissions from biogenic sources amounted to 50.49 tCO₂e. Nitrogen oxide emissions from N₂O amounted to 9.5 tCO₂e.
- **Mixed Progress on Product Sustainability:** While introducing recycled materials in some product lines, KMD's overall product portfolio lacks a consistent sustainability focus.
- **Opaque Supply Chain Emissions:** The environmental impact of KMD's supply chain remains unclear due to a lack of transparency on emissions data and sustainability practices. 44 Tier 1 and 35 Tier 2 KMD suppliers reported on environmental performance.
- **Absence of Carbon Neutrality Commitment:** KMD has yet to set a public target for achieving carbon neutrality, raising concerns about its long-term climate strategy.

Recommended developments:

- **Establish a Carbon Neutrality Roadmap:** KMD should set a clear and ambitious carbon neutrality target with a concrete roadmap outlining emission reduction strategies and milestones.
- **Enhance Emissions Transparency:** Implement robust measurement and disclosure practices for KMD's carbon footprint and non-CO₂ emissions across its operations and supply chain.
- **Prioritize Renewable Energy:** Transition towards renewable energy sources to power KMD's facilities and reduce reliance on fossil fuels.
- **Strengthen Supply Chain Sustainability:** Collaborate with suppliers to implement sustainable practices and reduce emissions throughout the supply chain.
- **Develop Sustainable Product Portfolio:** Prioritize the development and promotion of environmentally friendly products with reduced life-cycle impacts.

Addressing Contaminating Emissions (other Than CO₂):

KMD's emissions beyond CO₂, such as NO_x, SO₂, and VOCs, require further attention. Assessing and disclosing these emissions, alongside implementing emission reduction strategies, is crucial for minimizing KMD's environmental footprint and protecting air quality.

Environmental performance: Waste, Biodiversity, Circularity

As environmental consciousness escalates, KMD finds itself under scrutiny regarding its commitment to responsible practices.

Examining KMD's 2023 performance through a critical lens reveals both progress and areas requiring improvement. In early 2023 KMD Brands announced its entire operations, and all of its brands – Kathmandu, Rip Curl and Oboz – had achieved B Corp certification.

Waste Management:

KMD targets: Reduced operational and packaging waste including: Diversion of 90% of waste to landfill from direct operations by 2030 and all primary and secondary packaging and promotional material is recyclable or made using recycled materials by 2030.

While data scarcity hinders a comprehensive picture, KMD's scattered efforts in source separation and recycling programs across operations show a nascent understanding of waste reduction. However, the lack of ambitious waste reduction targets, limited exploration of composting or waste-to-energy options, and inconsistent recycling implementation across all operations paint a picture of an immature but developing approach. Scaling up existing initiatives, embracing innovative waste management technologies, and setting measurable waste reduction goals are crucial for KMD to truly tackle its trash trail.

Biodiversity: Stepping Lightly on Nature's Canvas

Goal for Fibre and materials in apparel: 100% apparel and accessories in preferred fibre materials by 2030. FY23 performance: 54% of produced quantities are using preferred fibre materials (24% increase on FY22: 30%) The KMD priority is to use materials including: infrastructure.

- » Recycled Synthetic: Top Green[®], Econyl[®], Repreve[®]
- » Sustainable cotton: Organic, Better Cotton[™]
- » Regenerated Sustainable man-made fibres: Lenzing[™], EcoVero[®].

Sourcing practices for certain raw materials could potentially pose risks to delicate ecosystems. Conducting thorough biodiversity impact assessments, further adopting sustainable sourcing policies that prioritize eco-friendly materials and responsible farming practices, and supporting biodiversity conservation initiatives are essential steps for KMD to tread lightly on nature's canvas.

Goal for Wet Suits: 75% of wetsuit range using responsibly sourced materials. FY23 performance: 16% of produced quantities are using responsibly sourced materials.

Water restoration: 58,102,099 litres of water cleaned and restored to the environment through Bloom[™] material partnership for footwear and accessories products. 25,800 kilograms of Bloom materials were purchased in FY23.

Goal for Sustainable Cotton: 100% responsibly sourced cotton by 2026. FY23 performance: 58% (18% increase on FY22 40%).

Circular Economy: Closing the Loop

While introducing recycled content in some products demonstrates a tentative embrace of circular economy principles, KMD's journey towards a truly closed-loop system is in its emerging stages. Developing innovative product lifecycles that minimize waste and maximize resource recovery, designing products for durability and repairability, and promoting refill and reuse options are crucial for KMD to truly embrace a circular approach.

100% Sustainable Cotton: KMD source a mix of organic and cotton through the Better Cotton programme to make up a sustainable cotton mix. The KMD 100% Responsible Down Standard (RDS) aims to ensure that down and feathers come from animals that have not been subjected to any unnecessary harm.

KMD Brands Limited (KMD)- Continued

The Responsible Wool Standard (RWS) ensures that wool comes from farms that have a progressive approach to managing their land, practice holistic respect for animal welfare of the sheep, and respect the Five Freedoms of animal welfare.

Target: All polyester recycled or recyclable by 2030. FY23 performance: 58% of overall kgs of polyester used in their apparel fabrics, fills and yarns are recycled or recyclable.

Goal: Prioritise biochemistry over petrochemistry in innovation and performance development.

Goal: Commercialised brand-led circular business models for product take back, renewal, repair, re-commerce or recycling.

UN SDGs: Aligning Ambition with Action

Aligning KMD's sustainability goals with relevant UN SDGs, particularly those related to waste management, responsible consumption and production, and life on land, would provide a clear roadmap for progress. However, simply identifying relevant SDGs is not enough. Regularly reporting on progress towards specific SDG targets, setting ambitious timelines, and implementing measurable action plans are key to demonstrating KMD's commitment to aligning ambition with action.

Supplier Synergy: Hand in Hand Towards Sustainability

Transparency about KMD's supplier sustainability requirements and collaborative initiatives is not clear. Engaging with suppliers to set clear sustainability standards, share best practices for reducing environmental impact, and prioritise eco-friendly sourcing can significantly reduce KMD's overall environmental footprint. Disclosing sustainability criteria for sourcing and showcasing successful partnerships with like-minded suppliers would not only enhance KMD's environmental credentials but also foster a robust ecosystem of collaborative sustainability.

Embracing Transformation:

KMD's FY2023 environmental performance reveals a company taking baby steps towards responsible practices. However, to truly thrive in the face of mounting environmental challenges, KMD needs to transform its approach. Embracing transparency, setting ambitious and measurable targets, prioritising waste reduction, biodiversity protection, and circular economy principles, and fostering strong partnerships with sustainable suppliers are the cornerstones upon which KMD can build a future rooted in environmental responsibility and long-term success.

Culture of Inclusivity and Diversity

In FY2023, KMD Brands Ltd (KMD) took steps towards fostering a more inclusive and engaging internal environment. While positive developments are evident, there are opportunities for KMD to solidify its commitment to equity, diversity, and employee well-being.

Equity and Diversity: Striving for a Balanced Lens

Progress: KMD established an Equity, Diversity, and Inclusion (EDI) Council and implemented unconscious bias training. Challenges: Limited data on workforce demographics and pay equity hinders a full assessment of progress. The impact of initiatives needs monitoring and further development of targeted programs to address specific gaps.

People Training and Development: Investing in Potential

Highlights: Increased training hours and the launch of a leadership development program demonstrate KMD's commitment to employee growth. Areas for Improvement: Expanding training accessibility and tailoring programs to diverse career paths can maximise effectiveness.

Data on skill gaps and training effectiveness would provide valuable insights.

Gender Equity: Bridging the Gap

Encouraging: The introduction of parental leave for both parents, and female representation in senior leadership positions are positive steps. Challenges: Gender pay gap data remains unavailable, hindering a proper assessment of progress.

Staff and Family Benefits: Enriching Well-being

Commendable: Existing benefits like flexible work options and health insurance schemes promote employee well-being. Opportunities: Exploring broader family-friendly support, mental health initiatives, and financial wellness programs can further enhance employee satisfaction and engagement.

A Critical Examination of its Social Impact

In FY2023, KMD Brands Ltd (KMD) navigated a dynamic social landscape, seeking to balance stakeholder expectations with its global brand identity. While commendable initiatives demonstrate KMD's nascent social commitment, a more strategic and impactful approach is necessary to fully realise its potential. This review critically examines KMD's engagement with Indigenous communities, strategic partnerships, philanthropic endeavours, and employee engagement, highlighting areas for future growth.

Indigenous Relations: Cultivating Deeper Understanding

KMD's initial steps in acknowledging the traditional custodianship of land and waterways are laudable. Partnerships with Indigenous organisations focused on cultural preservation and environmental stewardship offer promising avenues for deeper engagement. Moving beyond symbolic gestures, KMD should establish a robust policy framework, foster genuine partnerships beyond one-off projects, and explore collaborative initiatives like product development, integrating Indigenous knowledge into supply chains, and co-creating environmental programs.

Māori Partnerships: Building Trust and Recognition

Similarly, KMD's engagement with Maori communities reveals both promise and challenges. While existing partnerships focused on youth development and community empowerment deserve recognition, a clear commitment to Treaty of Waitangi principles and a concrete roadmap for reconciliation are absent. Limited Maori representation within KMD's workforce and leadership further underscores the need for deeper engagement. Fostering ongoing dialogue mechanisms, co-creating long-term initiatives addressing historical injustices and empowering Maori communities, and actively increasing Maori representation are crucial steps towards demonstrating genuine partnership.

Strategic Partnerships: From Collaboration to Transformation

KMD's existing partnerships with NGOs and charities aligned with its brand ethos represent a positive step. However, these partnerships often lack a strategic framework to maximize impact and synergy. Moving forward, KMD should adopt a more deliberate approach, selecting partners based on their expertise and alignment with KMD's social mission. Deepening collaboration beyond transactional relationships can leverage collective expertise to create systemic change and address complex social challenges.

Philanthropy: Beyond Donations, Building Capacity

KMD's financial contributions to various community initiatives and charitable causes demonstrate its social responsibility. However, the allocation criteria and impact measurement of these donations and grants remain unclear.

KMD Brands Limited (KMD)- Continued

KMD should shift its focus from one-off financial support towards long-term development and capacity building within communities. Partnering with local organizations, actively engaging with beneficiaries, and implementing measurable frameworks to assess the long-term impact of philanthropic efforts are crucial steps towards maximizing societal benefit.

KMD donated NZD \$1.14m* to local community partners in FY23 including over 3,405 volunteer hours (*includes company financial donations, product donations, partnership fees, employee donations and volunteer hours. Volunteer hours calculated using average hourly rate of \$28 per hour.)

Employee Engagement: Empowering Changemakers

KMD's employee volunteer programs offer valuable opportunities for social engagement. Encouraging employees to champion social causes within their roles, providing them with relevant training and resources, and creating a culture of social responsibility within the company can empower employees to become active agents of positive change.

Achievements, Values, and Recognition

KMD Brands Ltd (KMD) is a consumer goods company committed to "making everyday moments extraordinary."

Purpose:

Inspiring people to explore and love the outdoors.

Vision:

To be the leading family of global outdoor brands – designed for purpose, driven by innovation, best for people and planet.

KMD's Guiding Principles:

- **Passion and Creativity:** Fuelling innovation and delivering exceptional products.
- **Integrity and Responsibility:** Upholding ethical practices and social accountability.
- **Collaboration and Teamwork:** Fostering a supportive and inclusive environment.
- **Excellence and Continuous Improvement:** Striving for quality and exceeding expectations.
- **Sustainability and Environmental Stewardship:** Minimising environmental impact and driving positive change.

2023 Achievements and Awards:

- **Market Expansion:** Successfully launching new product lines and entering new markets, demonstrating strong business acumen.
- **Innovation Awards:** Recognised for groundbreaking product design and packaging solutions, showcasing their commitment to creativity.
- **Sustainability Initiatives:** Implementing waste reduction programs and sourcing recycled materials, highlighting their environmental consciousness.
- **Employee Engagement:** Achieving high employee satisfaction scores and implementing talent development programs, fostering a positive workplace culture.
- **Community Impact:** Partnering with charitable organisations and supporting local communities, demonstrating their social responsibility.

Noteworthy Qualities of KMD:

- **Brand Recognition and Customer Loyalty:** KMD boasts a strong brand image and loyal customer base, reflecting their dedication to quality and customer satisfaction.
- **Adaptability and Resilience:** Navigating a challenging market landscape with agility and innovation, showcasing their strategic adaptability.
- **Commitment to Social Good:** Actively contributing to environmental and social causes, setting themselves apart as a responsible corporate citizen.
- **Investing in People:** Prioritising employee well-being and development, fostering a culture of learning and growth.
- **Embracing Change and Sustainability:** Recognising the importance of environmental responsibility and actively seeking sustainable solutions, positioning themselves as a future-oriented company.

KMD Brands Limited (KMD)- Continued

Te Pārongo Ahumoni | Financial Information

Ticker and V Score	Forward Dividend Yield	Forward P/E	Long Run Median P/E	Forward P/E rel LRM	Forecast EPS Growth (Yr 2&3)	Return on Capital	Total Debt / Total Capital
KMD	4.5%	31.1	14.5	2.1	10.5	2.2%	33%

Website: <https://www.kmdbrands.com/>

Country: New Zealand

Ticker: KMD

IVA Industry: Consumer Discretionary

Market Capitalisation: \$412m

GICS Sub-Industry: Other Specialty Retail

Business description:

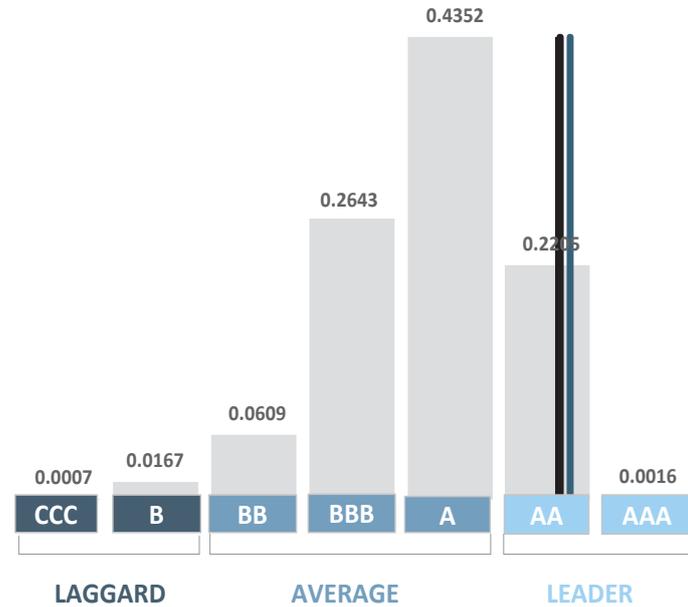
KMD Brands Limited is a global outdoor, lifestyle and sports company. The Company is a designer, marketer, retailer and wholesaler of apparel, footwear and equipment for surfing and the outdoors. The Company offers three brands, being Kathmandu, Rip Curl and Oboz. The Kathmandu brand specialises in clothing and equipment for travel and adventure. It provides jackets and vests, accessories, tops, bottoms and footwear for men, women and kids. The Oboz brand is based in North America and designs True to the Trail outdoor footwear. It manufactures handmade footwear. It offers footwear for hiking, backpacking, casual, insoles and insulation. Rip Curl is a global surf brand, which provides a variety of clothing, such as swimwear, wetsuits, equipment, watches, sunglasses, snow gear and footwear. Its subsidiaries include Kathmandu Limited, Oboz Footwear LLC, Barrel Wave Holdings Pty Ltd and others.

ESG Rating:

KMD Brands has been upgraded to 'AAA' from 'AA'. KMD has adopted strong programs to mitigate supply chain-related risks, which has driven the upgrade. The company relies on third-party factories in Asia, where the MSCI model indicates the likelihood of subpar working conditions is high. KMD undertakes audits to monitor vendors' compliance to the Fair Labour Association and Modern Slavery Act's guiding principles on fair working conditions, and has remediation plans in case of non-compliance. Also, it is among few leading peers that map suppliers. KMD leads most global peers in overall governance practices. The company has an independent board majority and fully independent key committees (audit, risk, and pay), practices that may strengthen oversight of management. Its anti-corruption framework is overseen at the board level, backed by a whistleblower protection system. Given the mix of retail outdoor and lifestyle products, KMD has moderate exposure to risks of incurring increased input costs tied to energy pricing, as per the MSCI model. Like better-performing peers, it measures carbon emissions (via the Higg Facility Environmental Module--a standardised tool) in the supply chain, where the bulk of its carbon footprint lies. KMD handles customer data through online and point-of-sale systems in Australia and the North America (FY 2022: ~72% revenue combined), where data security laws are stringent. While the company provides full data control rights to customers, it appears to lack IT system audits to pre-empt risks in case of a data breach, unlike leading peers.

MSCI ESG | Fund Metrics Distribution

Coloured bars correspond to portfolio and benchmark ESG Quality Scores



MSCI ESG Quality Score (out of 10)	
TTor Portfolio	8.11
Primary Benchmark	8.26

Te Tai o Rehua Fund ESG summary

PORTFOLIO Weighted Avg ESG Score Portfolio 8.11 Te Tai o Rehua Fund	MSCI ESG Ratings AA AA
Benchmark 8.26 MSCI NZ AU AA & AAA ESG Rating	

PORTFOLIO ESG Rating Summary	
ESG Quality	Leader Portfolio = Benchmark
ESG Ratings Distribution	Leaders 23.4% under benchmark Portfolio Laggards% = Benchmark Laggards%
ESG Ratings Momentum	Upward momentum 6.2% over benchmark

Information Disclaimer: This is for information purposes only. It does not take into account your investment needs or personal circumstances and so is not intended to be viewed as investment or financial advice. Should you require financial advice you should always speak to your Financial Adviser. Before investing you should read the TAHITO Te Tai o Rehua Product Disclosure Statement and Statement of Investment Policy and Objectives, available at www.tahito.co.nz and www.companies.govt.nz/disclose. Past performance is not indicative of future results and no representation or warranty, express or implied, is made regarding future performance. Reference to taxation or the impact of taxation does not constitute tax advice. The levels and bases of taxation may change. This has been prepared from published information and other sources believed to be reliable, accurate and complete at the time of preparation. While every effort has been made to ensure accuracy, neither Clarity Funds Management, nor any person involved in this publication, accept any liability for any errors or omission.