



RI TRANSPARENCY REPORT

2014/15

New Zealand Superannuation Fund

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

| Symbol | Status |
|--------|---|
| ✓ | The signatory has completed all mandatory parts of this indicator |
| ☑ | The signatory has completed some parts of this indicator |
| 🔒 | This indicator was not relevant for this signatory |
| - | The signatory did not complete any part of this indicator |
| Ⓜ | The signatory has flagged this indicator for internal review |

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

| Organisational Overview | | | | Principle | | | | | | General |
|-------------------------|---|--------|------------------------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| OO 01 | Signatory category and services | ✓ | Public | | | | | | | ✓ |
| OO 02 | Headquarters and operational countries | ✓ | Public | | | | | | | ✓ |
| OO 03 | Subsidiaries that are separate PRI signatories | ✓ | Public | | | | | | | ✓ |
| OO 04 | Reporting year and AUM | ✓ | Public | | | | | | | ✓ |
| OO 05 | Breakdown of AUM by asset class | ✓ | Asset mix disclosed in OO 06 | | | | | | | ✓ |
| OO 06 | How would you like to disclose your asset class mix | ✓ | Public | | | | | | | ✓ |
| OO 07 | Segregated mandates or pooled funds | ✓ | Private | | | | | | | ✓ |
| OO 08 | Breakdown of AUM by market | ✓ | Public | | | | | | | ✓ |
| OO 09 | Additional information about organisation | ✓ | Public | | | | | | | ✓ |
| OO 10 | RI activities for listed equities | ✓ | Public | | | | | | | ✓ |
| OO 11 | RI activities in other asset classes | ✓ | Public | | | | | | | ✓ |
| OO 12 | Modules and sections required to complete | ✓ | Public | | | | | | | ✓ |

| Overarching Approach | | | | Principle | | | | | | General |
|----------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| OA 01 | RI policy and other guidance documents | ✓ | Public | | | | | | | ✓ |
| OA 02 | Publicly available policies / documents | ✓ | Public | | | | | | | ✓ |
| OA 03 | Policy components and coverage | ✓ | Public | ✓ | ✓ | | | | | |
| OA 04 | Conflicts of interest | ✓ | Public | | | | | | | ✓ |
| OA 05 | RI goals and objectives | ✓ | Public | | | | | | | ✓ |
| OA 06 | Main goals/objectives this year | ✓ | Public | | | | | | | ✓ |
| OA 07 | Governance, management structures and RI processes | ✓ | Public | | | | | | | ✓ |
| OA 08 | RI roles and responsibilities | ✓ | Public | | | | | | | ✓ |
| OA 09 | RI in performance management, reward and/or personal development | ✓ | Private | | | | | | | ✓ |
| OA 10 | Collaborative organisations / initiatives | ✓ | Public | | | | ✓ | ✓ | | |
| OA 11 | Promoting RI independently | ✓ | Public | | | | ✓ | | | |
| OA 12 | Dialogue with public policy makers or standard setters | ✓ | Public | | | | ✓ | ✓ | ✓ | |
| OA 13 | ESG issues in strategic asset allocation | ✓ | Public | ✓ | | | | | | |
| OA 14 | Allocation of assets to environmental and social themed areas | ✓ | Public | ✓ | | | | | | |
| OA 15 | ESG issues for internally managed assets not reported in framework | ✓ | Private | | | | | | | ✓ |
| OA 16 | ESG issues for externally managed assets not reported in framework | ✓ | Public | | | | | | | ✓ |
| OA 17 | RI/ESG in execution and/or advisory services | 🔒 | n/a | ✓ | ✓ | | | | | |
| OA 18 | Innovative features of approach to RI | ✓ | Public | | | | | | | ✓ |
| OA 19 | Internal and external review and assurance of responses | ✓ | Private | | | | | | | ✓ |

| Indirect – Manager Selection, Appointment and Monitoring | | | | Principle | | | | | | General |
|--|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| SAM 01 | Description of RI considerations | ✓ | Public | ✓ | | | | | ✓ | |
| SAM 02 | Role of investment consultants | ✓ | Public | | | | ✓ | | | |
| SAM 03 | RI factors in selection, appointment and monitoring across asset classes | ✓ | Public | | | | | | | ✓ |
| SAM 04 | Breakdown of passive, active quant and active fundamental | ✓ | Public | | | | | | | ✓ |
| SAM 05 | ESG incorporation strategies | ✓ | Public | ✓ | ✓ | | | | | |
| SAM 06 | Selection processes (listed assets) | ✓ | Public | ✓ | | | | | | ✓ |
| SAM 07 | Appointment considerations (listed assets) | ✓ | Public | | | | ✓ | | | |
| SAM 08 | Monitoring processes (listed assets) | ✓ | Public | ✓ | | | | | | |
| SAM 09 | Percentage of (proxy) votes cast | ✓ | Public | | ✓ | | | | | |
| SAM 10 | Selection processes (non-listed assets) | 🔒 | n/a | ✓ | | | | | | ✓ |
| SAM 11 | Appointment considerations (non-listed assets) | 🔒 | n/a | | | | ✓ | | | |
| SAM 12 | Monitoring processes (non-listed assets) | 🔒 | n/a | ✓ | | | | | | ✓ |
| SAM 13 | Description of RI considerations in 'other' asset classes | ✓ | Public | ✓ | | | | | | ✓ |
| SAM 14 | Percentage of externally managed assets managed by PRI signatories | ✓ | Public | ✓ | | | | | | ✓ |
| SAM 15 | Examples of ESG issues in selection, appointment and monitoring processes | ✓ | Public | | ✓ | | | | | |
| SAM 16 | Disclosure of RI considerations | ✓ | Public | | | | | | | ✓ |

| Direct - Listed Equity Active Ownership | | | | Principle | | | | | | General |
|---|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator | Short description | Status | Disclosure | 1 | 2 | 3 | 4 | 5 | 6 | |
| LEA 01 | Description of approach to engagement | ✓ | Public | | ✓ | | | | | |
| LEA 02 | Reasoning for interaction on ESG issues | ✓ | Public | ✓ | ✓ | ✓ | | | | |
| LEA 03 | Process for identifying and prioritising engagement activities | ✓ | Public | | ✓ | | | | | |
| LEA 04 | Objectives for engagement activities | ✓ | Public | | ✓ | | | | | |
| LEA 05 | Process for identifying and prioritising engagement activities | ✓ | Public | | ✓ | | | | | |
| LEA 06 | Objectives for engagement activities | ✓ | Public | | ✓ | | | | | |
| LEA 07 | Role in engagement process | 🔒 | n/a | | ✓ | | ✓ | | | |
| LEA 08 | Monitor / discuss service provider information | 🔒 | n/a | | ✓ | | | | ✓ | |
| LEA 09 | Share insights from engagements with internal/external managers | ✓ | Public | ✓ | ✓ | | | | | |
| LEA 10 | Tracking number of engagements | ✓ | Public | | ✓ | | | | | |
| LEA 11 | Number of companies engaged with, intensity of engagement and effort | ✓ | Private | | ✓ | | | | | |
| LEA 12 | Engagements on E, S and/or G issues | ✓ | Public | | ✓ | | | | | |
| LEA 13 | Companies changing practices / behaviour following engagement | ✓ | Private | | ✓ | | | | | |
| LEA 14 | Examples of ESG engagements | ✓ | Private | | ✓ | | | | | |
| LEA 15 | Disclosure of approach to ESG engagements | ✓ | Public | | ✓ | | | | ✓ | |
| LEA 16 | Description of approach to (proxy) voting | ✓ | Public | | ✓ | | | | | |
| LEA 17 | Typical approach to (proxy) voting decisions | ✓ | Public | | ✓ | | | | | |
| LEA 18 | Percentage of voting recommendations reviewed | 🔒 | n/a | | ✓ | | | | | |
| LEA 19 | Confirmation of votes | ✓ | Private | | ✓ | | | | | |
| LEA 20 | Securities lending programme | ✓ | Public | | ✓ | | | | | |
| LEA 21 | Informing companies of the rationale of abstaining/voting against management | ✓ | Public | | ✓ | | | | | |
| LEA 22 | Percentage of (proxy) votes cast | ✓ | Public | | ✓ | | | | | |
| LEA 23 | Proportion of ballot items that were for/against/abstentions | ✓ | Public | | ✓ | | | | | |
| LEA 24 | Shareholder resolutions | ✓ | Public | | ✓ | | | | | |
| LEA 25 | Examples of (proxy) voting activities | ✓ | Private | | ✓ | | | | | |
| LEA 26 | Disclosing voting activities | ✓ | Public | | ✓ | | | | ✓ | |

New Zealand Superannuation Fund

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

| | | | |
|-------|-----------|-----------------|---------|
| OO 01 | Mandatory | Gateway/Peering | General |
|-------|-----------|-----------------|---------|

OO 01.1 Select the category which best represents your primary activity.

- Non-corporate pension or superannuation or retirement or provident fund or plan
- Corporate pension or superannuation or retirement or provident fund or plan
- Insurance company
- Foundation or endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Other, specify

| | | | |
|-------|-----------|---------|---------|
| OO 02 | Mandatory | Peering | General |
|-------|-----------|---------|---------|

OO 02.1 Select the location of your organisation's headquarters.

New Zealand

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

102

| | | | |
|-------|-----------|-------------|---------|
| OO 03 | Mandatory | Descriptive | General |
|-------|-----------|-------------|---------|

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

| | | | |
|-------|-----------|-----------------|---------|
| OO 04 | Mandatory | Gateway/Peering | General |
|-------|-----------|-----------------|---------|

OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

| | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM | | 27 | 540 | 000 | 000 |
| Currency | NZD | | | | |
| Assets in USD | | 23 | 092 | 282 | 220 |

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown
- Publish our asset class mix as broad ranges

| | Internally managed (%) | Externally managed (%) |
|---------------------------|------------------------|------------------------|
| Listed equity | <10% | 10-50% |
| Fixed income – corporate | 0 | 0 |
| Fixed income – government | 0 | 0 |
| Fixed income – other | <10% | 10-50% |
| Private debt | 0 | 0 |
| Private equity | 0 | <10% |
| Property | 0 | <10% |
| Infrastructure | <10% | <10% |
| Commodities | 0 | 0 |
| Hedge funds | 0 | <10% |

| | | |
|--------------------|--------|------|
| Forestry | 0 | <10% |
| Farmland | <10% | 0 |
| Inclusive finance | 0 | 0 |
| Cash | 10-50% | 0 |
| Other (1), specify | <10% | <10% |
| Other (2), specify | 0 | 0 |

'Other (1)' specified

Direct Investments

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

| | | | |
|-------|---|---------|---------|
| OO 08 | Mandatory to Report Voluntary to Disclose | Peering | General |
|-------|---|---------|---------|

OO 08.1 Indicate the breakdown of your organisation's AUM by market.

| Market breakdown | % of AUM |
|--------------------------------------|--|
| Developed Markets | <input type="radio"/> 0% |
| | <input type="radio"/> <10% |
| | <input type="radio"/> 10-50% |
| | <input checked="" type="radio"/> >50 % |
| Emerging, Frontier and Other Markets | <input type="radio"/> 0% |
| | <input checked="" type="radio"/> <10% |
| | <input type="radio"/> 10-50% |
| | <input type="radio"/> >50 % |

| | | | |
|-------|-----------|-------------|---------|
| OO 09 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|

OO 09.1 Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

Background

The New Zealand Superannuation Fund is a New Zealand Government savings vehicle to help reduce the tax burden on future generations. By using the Fund to save now in order to pay for future universal retirement benefits, the Government aims to smooth the cost of New Zealand Superannuation between today's taxpayers and future generations.

The NZ\$29 billion Fund, which began investing in 2003, is managed by a Crown entity, the Guardians of New Zealand Superannuation.

The Fund is a genuine long-term investor. Withdrawals are not scheduled until 2029/30 and the Fund will not peak in size until the 2080s.

Highly diversified across asset classes and geographies, the Fund has achieved a return of 10% p.a. (before NZ tax, after costs) since inception. NZ tax is considered a return to the Fund's owner, the Crown.

Legislative Mandate

The Guardians' mandate is set by the NZ Superannuation and Retirement Income Act 2001 (the Act); this legislation states that the Guardians must invest the Fund on a prudent, commercial basis and, in doing so, must manage and administer the Fund in a manner consistent with:

- (a) Best-practice portfolio management;
- (b) Maximising return without undue risk to the Fund as a whole; and
- (c) Avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

The legislation also requires that the Guardians' statement of investment policies, standards, and procedures covers ethical investment.

Mission

The Guardians' mission is to maximise the Fund's return over the long term, without undue risk, so as to reduce future New Zealanders' tax burden.

How we invest

More than two-thirds of the Fund is invested passively, in line with global sharemarket indices. We only undertake active investment when we have a high level of confidence that it will, over the long term, be better than investing passively - by either improving the Fund's returns, reducing risk (e.g. through diversification) or both.

In keeping with its long investment horizon, the Fund is strongly growth-oriented, aiming to out-perform a shadow or notional portfolio of 80% growth, 20% fixed income, passive, low-cost, listed investments.

The Guardians invest both through external investment and asset managers and directly, using an in-house team of investment professionals.

Our commitment to Responsible Investment

In addition to the legislative requirements outlined above, one of the Guardians' investment beliefs (a set of principles that guide our investment decision-making) is that responsible investors must have concern for ESG factors as they are material to long-term returns.

As part of good governance of the Fund, we therefore aim to actively manage the long-term risks and opportunities ESG issues present now and into the future.

As outlined in our Responsible Investment Framework (available on www.nzsuperfund.co.nz), responsible investment is integrated into all our investment activities. For example, ESG factors are considered when we identify investment opportunities, assess investment risk, undertake due diligence and make decisions as an asset owner and shareholder. We work closely with our investment managers to ensure the votes they make on our behalf are appropriate, and we aim to use our voting rights to promote best-practice corporate governance both in New Zealand and internationally. We encourage our managers to integrate ESG factors into their investment strategies including investment selection, and ongoing stewardship. We include RI capabilities as an important criteria in our own manager selection process.

We also monitor our portfolio for breaches of our responsible investment requirements and engage with companies we are concerned about. Through this engagement programme, in which we often work alongside like-minded global investors, we encourage companies to address poor ESG performance, or to adopt good corporate practice standards.

We have a strong preference for engagement rather than excluding companies from the Fund's portfolio, as we believe it is a better means of effecting change. In some circumstances, however, we can and do choose to exclude companies from the Fund. There are two types of exclusions:

- (a) 'product' exclusions, where companies are excluded based on the products they make (e.g. tobacco, cluster munitions). On these matters we are guided by a set of principles outlined in our Responsible Investment Framework; these include (but are not limited to) policy positions of the New Zealand Government, international conventions to which New Zealand is a signatory; and New Zealand or national law.
- (b) 'poor ESG practices' exclusions, where companies are excluded for breaches of responsible investment standards.

Exclusion on the basis of poor ESG practices is a last resort, factoring in the likely success of engagement and our desire to, as a relatively small investor in global terms, focus our limited resource on companies where we believe we can make a difference.

Gateway asset class implementation indicators

| | | | |
|-------|-----------|---------|---------|
| OO 10 | Mandatory | Gateway | General |
|-------|-----------|---------|---------|

OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- None of the above

| | | | |
|-------|-----------|---------|---------|
| OO 11 | Mandatory | Gateway | General |
|-------|-----------|---------|---------|

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed Income – other
- Infrastructure
- Farmland
- Cash
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

Direct Investments

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- Fixed Income – other
- Private equity
- Property
- Infrastructure
- Hedge funds
- Forestry
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

Direct Investments

| | | | |
|-------|-----------|---------|---------|
| OO 12 | Mandatory | Gateway | General |
|-------|-----------|---------|---------|

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Other asset classes with dedicated modules

- Infrastructure

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- Listed Equities
- Fixed Income - Other
- Private Equity
- Property
- Infrastructure
- Forestry
- Other (1)

Closing module

- Closing module

New Zealand Superannuation Fund

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Public version

Overarching Approach

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Responsible investment policy

| | | | |
|-------|-----------|-----------------------|---------|
| OA 01 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|

| | |
|---------|---|
| OA 01.1 | Indicate if you have a responsible investment policy. |
|---------|---|

- Yes
 No

| | |
|---------|--|
| OA 01.2 | Indicate if you have other guidance documents or more specific policies related to responsible investment. |
|---------|--|

- Yes
 No

| | |
|---------|---|
| OA 01.3 | Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional] |
|---------|---|

We believe that responsible investors must have concern for ESG factors because they are material to long-term returns. This investment belief was updated and strengthened by our Board in 2014 following a review of evidence. Our approach to Responsible Investment is governed by our Statement of Investment Policies, Standards and Procedures. <http://www.nzsuperfund.co.nz/index.asp?pageID=2145879230>
[https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Statement%20of%20Investment%20Policies,%20Standards%20and%20Procedures%20\(SIPSP\).pdf](https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Statement%20of%20Investment%20Policies,%20Standards%20and%20Procedures%20(SIPSP).pdf)

Our responsible investment (RI) work is integrated into all our investment activities. For example, understanding environmental, social and governance issues is an important part of our risk assessment and due diligence on prospective individual investments.

We also:

- monitor our portfolio for breaches of our responsible investment requirements;
- engage with companies we are concerned about; and
- work closely with our investment managers to ensure the votes they make on our behalf are appropriate.

We are also a member of the Investor Group on Climate Change Australia/New Zealand, the International Corporate Governance Network and the Responsible Investment Association Australia, of which staff member Anne-Maree O'Connor is on the Board.

Additionally we are a member of the Australian Council of Superannuation Investors (ACSI).

We also share RI resources with two other New Zealand Crown Financial Institutions: the Accident Compensation Corporation (ACC) and the Government Superannuation Fund Authority

Our approach and RI framework is available through our website. <https://www.nzsuperfund.co.nz/how-we-invest/responsible-investment>

| | | | |
|-------|-----------|---------------|-------|
| OA 02 | Mandatory | Core Assessed | PRI 6 |
|-------|-----------|---------------|-------|

| | |
|---------|---|
| OA 02.1 | Indicate if your responsible investment policy is publicly available. |
|---------|---|

- Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

[https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Statement%20of%20Investment%20Policies,%20Standards%20and%20Procedures%20\(SIPSP\).pdf](https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Statement%20of%20Investment%20Policies,%20Standards%20and%20Procedures%20(SIPSP).pdf)

No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

Yes

Yes, all

Yes, some

OA 02.4 List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

| Policy or document name | URL |
|---|---|
| Investment beliefs which includes ESG | https://www.nzsuperfund.co.nz/how-we-invest/beliefs |
| Statement of Investment Policies/Procedures | https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Statement%20of%20Investment%20Policies,%20Standards%20and%20Procedures%20(SIPSP).pdf |
| Our RI framework | https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf |
| Proxy Voting and reports | https://www.nzsuperfund.co.nz/performance-esg-management/voting-reports |
| Organisational ESG priorities | https://www.nzsuperfund.co.nz/how-we-invest/responsible-investment |
| Our Legislation (ref 1.2) | http://www.legislation.govt.nz/act/public/2001/0084/latest/DLM113924.html?search=ts_act_New+Zealand+Superannuation+and+Retirement+Income+Act+2001&sr=1 |

No

OA 02.5 Additional information. [Optional]

The key policy document is our responsible investment framework, available at:
<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf>.

Information about our approach to responsible investment is available on our website at:
<https://www.nzsuperfund.co.nz/how-we-invest/responsible-investment>

We report on our performance at <https://www.nzsuperfund.co.nz/performance/esg-management> and in a dedicated responsible investment report in each year's Annual Report for the Guardians and Fund. See <https://www.nzsuperfund.co.nz/publications/annual-reports> for copies of our Annual Reports.

OA 03 **Mandatory** **Core Assessed** **PRI 1,2**

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

| Policy components/types | Coverage by AUM |
|---|--|
| <input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input checked="" type="checkbox"/> Other, specify RI scoring of external managers <input checked="" type="checkbox"/> Other, specify RI rating comparing investment opportunities | <input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM |

OA 03.2 Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

We have a small exposure to pooled hedge funds where it is difficult to place RI requirements on the Manager but where we nevertheless conduct an annual RI review and rate the manager on its RI performance.

OA 04 **Mandatory** **Core Assessed** **General**

OA 04.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

We have a Board and Staff Code of Conduct.

For the Board when a situation arises, they recuse themselves from the issue/matter where the conflict of interest exists.

A copy of the Board's Charter is available at: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Board%20Charter.pdf>

A copy of the Board Code of Conduct is available at: <https://www.nzsuperfund.co.nz/documents/board-code-conduct>

For the Staff, the staff are required to as part of the code of conduct to raise the conflict and step aside. The matter is then discussed with the CEO.

We take a precautionary approach and ask staff and board members to disclose any matter where there could be a perceived conflict.

A copy of our Human Resources Policy (including Code of Conduct and Securities Trading Procedure) is available at: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Human%20Resources%20Policy.pdf>

No

OA 04.3

Additional information. [Optional]

Specific details of potential Guardians Board and staff conflicts, and how they are managed, are detailed in our annual disclosures to the Commerce Select Committee (a Parliamentary Committee). See our response to question 117 at: http://www.parliament.nz/resource/en-NZ/51SCCO_EVI_00DBSCH_FIN_59424_1_A422550/5e7ebdfd1785c2490ef6724e6d3ec4b10ba943fa

Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

At least once per year

Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed
- No

OA 05.4

Additional information. [Optional]

Progress on our RI objectives is reviewed by the Investment committee biannually via an RI dashboard and to the Board annually. In addition, there is a dedicated RI report within each Annual Report and dedicated section within a confidential Quarterly Report to the New Zealand Minister of Finance.

OA 06

Voluntary

Descriptive

General

OA 06.1

List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

- Add responsible investment objective 1

| | |
|--------------------------------|---|
| Objective 1 | Improving Corporate Governance practices (Focus on New Zealand) |
| Key performance indicators | NZ Corporate Governance Engagement plan executed and integrated into internal equity team. NZ corporate governance forum held for NZ asset managers and CFIs. |
| Describe the progress achieved | Broader ESG engagement approach integrated into NZ equities team. Institutional Investors Corporate Governance Forum formed, key issues decided. |

- Add responsible investment objective 2

| | |
|--------------------------------|--|
| Objective 2 | Specific project: RI Guidelines for specific investment strategies - Investment professionals developed specific RI plans for managing ESG risks and opportunities in their area of expertise. |
| Key performance indicators | RI guideline for each investment asset class/ strategy approved. RI plans signed off by Head of Investments. |
| Describe the progress achieved | RI guidelines on managing ESG risks and opportunities for each asset class / opportunity completed and approved. |

- Add responsible investment objective 3

| | |
|--------------------------------|--|
| Objective 3 | Review and enhance our Engagement Programme |
| Key performance indicators | Review and improve implementation, evaluation and reporting of our engagement programme. |
| Describe the progress achieved | Review of engagement programme completed and improvements still in progress. |

OA 06.2

List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.

Add responsible investment objective 1 for the next reporting year

| | |
|---|--|
| Objective 1 for the next reporting year | NZ Institutional Investors Corporate Governance Forum launched and working actively to achieve objectives. |
| Key performance indicators | NZ Corporate Governance Forum Principles and Guidelines agreed, forum launched, communication on corporate governance occurring between members and companies and regulators, and practices improving. |

Add responsible investment objective 2 for the next reporting year

| | |
|---|--|
| Objective 2 for the next reporting year | Climate change strategy project launched and progressed. |
| Key performance indicators | Project scope agreed by Investment Committee, included in team work plans, key milestones reached. |

Add responsible investment objective 3 for the next reporting year

| | |
|---|--|
| Objective 3 for the next reporting year | Integration of ESG rating in the Risk Allocation Process at a more granular level. |
| Key performance indicators | ESG ratings reviewed and included at a more granular level where relevant. |

Governance and human resources

OA 07

Voluntary

Descriptive

General

OA 07.1

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

The ultimate responsibility for RI sits with our Board which delegates RI management to the Chief Investment Officer. The Board retains oversight and decisions on new categories of exclusions. RI requirements are included in our governing legislation and in our Five-Year Strategic Plan. The CEO has responsibilities for, and oversight of, integrating RI into the investment strategy and investment decisions. RI requirements are integrated into the Head of Investment Analysis responsibilities within whose unit the RI function sits. The Manager, RI is responsible for the RI function, developing and maintaining the RI Framework, implementation and support to the investment teams and working with the operational teams. RI responsibilities are included in the terms of reference for the Investment Committee. RI is a permanent component in the Operational Risk Assessment Register which is overseen by the Risk Committee.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
Head of Investment Analysis

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
 - Communications Team**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Other role, specify

| | |
|----------------|---|
| OA 08.2 | Indicate the number of dedicated responsible investment staff your organisation has. [Optional] |
|----------------|---|

| |
|--------|
| Number |
|--------|

2

Promoting responsible investment

| | | | |
|--------------|------------------|----------------------|----------------|
| OA 10 | Mandatory | Core Assessed | PRI 4,5 |
|--------------|------------------|----------------------|----------------|

| | |
|----------------|---|
| OA 10.1 | Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played. |
|----------------|---|

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
Responsible Investment Association of Australasia (RIAA)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

- RI Manager is on the Board of the Responsible Investment Association Australasia (RIAA)
- Shareholder Association for Research and Education (Share)
 - United Nations Environmental Program Finance Initiative (UNEP FI)
 - United Nations Global Compact
 - Other collaborative organisation/initiative, specify
NZ Crown Financial Institutions resource sharing collaboration

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

- NZSF acts as the secretariat for the two other Crown Financial Organisations which includes quarterly meetings on RI strategy and implementation. (See below)
- Other collaborative organisation/initiative, specify
NZ Institutional Investors Corporate Governance Forum

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

NZSF has been a key driver behind the establishment of the NZ Institutional Investors Corporate Governance Forum and will provide the secretariat function for two years.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 10.2 Additional information. [Optional]

In addition, we have a RI resource sharing agreement with two other Crown Financial institutions (CFIs) in NZ. The two CFIs (Accident Compensation Corporation (ACC) and the Government Superannuation Fund Authority) are also UNPRI signatories. We act as their secretariat on RI activities. Meetings are held quarterly to discuss and implement key RI activities such as policies and practices, engagement activities, research and reference and ESG integration.

We are often asked to and participate in consultations for global peer funds on RI strategy and for New Zealand and Australian institutional investors directly or through presentations for investor membership organisation events.

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

UN Climate Summit joint letter of commitment on infrastructure and climate change.

- No

OA 11.3

Additional information. [Optional]

Financial support for Mercer-led research initiative on climate change. Contributed in-house paper on long-term investment to UNPRI's consultation on this subject.

We also provide responsible investment support to two other New Zealand Crown Financial Institutions: the Accident Compensation Corporation (ACC) and the Government Superannuation Fund Authority. Our role is to act as a secretariat and collaborate on RI activities.

Additionally we sponsor and organise an annual New Zealand Responsible Investment Conference and act as a judge on the NZ Sustainable 60's annual reporting award. We are also a sponsor of the Responsible Investment Association of Australasia's annual RI benchmarking research report.

| | | | |
|--------------|------------------|----------------------------|------------------|
| OA 12 | Voluntary | Additional Assessed | PRI 4,5,6 |
|--------------|------------------|----------------------------|------------------|

| | |
|----------------|---|
| OA 12.1 | Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year. |
|----------------|---|

- Yes
 - Yes, individually
 - Yes, in collaboration with others

| | |
|----------------|-----------------------------------|
| OA 12.2 | Select the methods you have used. |
|----------------|-----------------------------------|

- Endorsed written submissions to governments, regulators or standard-setters developed by others
- Drafted your own written submissions to governments, regulators or standard-setters
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

| | |
|----------------|--|
| OA 12.3 | Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available. |
|----------------|--|

- Yes, publicly available

| | |
|--|-------------|
| | provide URL |
|--|-------------|

<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/1387497-1-NZSF%20Feedback%20-%20FMA%20Corporate%20Governance%20Review.pdf>

- No
- No

| | |
|----------------|-------------------------|
| OA 12.4 | Additional information. |
|----------------|-------------------------|

Submission to Financial Markets Authority on review of Corporate Governance Principles and Guidelines.
Endorsed UN Climate Summit commitment on climate change and infrastructure led by others.

ESG issues in asset allocation

| | | | |
|--------------|------------------|--------------------|--------------|
| OA 13 | Voluntary | Descriptive | PRI 1 |
|--------------|------------------|--------------------|--------------|

OA 13.1

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

Yes

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Other, specify

Allocation and prioritisation between different types of investment opportunities

OA 13.2

Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

ESG issues and responsible investment risks and opportunities are considered as part of our portfolio construction process. We rank and map, on a whole-of-Fund basis, all of our existing and potential investments, by:

- (a) attractiveness (expected return, adjusted for confidence and risk); and
- (b) consistency with the Fund's investment style (ESG, Macrothemes, and Targeted operating model).

As part of this process, we look closely at how good a fit the investment is with our way of investing, including our investment beliefs and themes. ESG issues and each investment opportunity's fit with themes such as resource sustainability therefore feed directly into the rankings of different investments.

The better a prospective or existing investment satisfies each test, the higher its ranking. For a prospective investment, a higher ranking means it is more likely that we will seek an access point - passively, directly or through a manager. Ranking is also key to sizing our investments.

No

| OA 14 | Voluntary | Descriptive | PRI 1 |
|-------|-----------|-------------|-------|
|-------|-----------|-------------|-------|

OA 14.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

OA 14.2

Indicate the percentage of your total AUM invested in environmental and social themed areas.

| | |
|--|----------------|
| | % of total AUM |
|--|----------------|

6

OA 14.3

Please specify which thematic area(s) you invest in and provide a brief description.

| | |
|--|------|
| | Area |
|--|------|

- Clean technology (including renewable energy)

Asset class invested

- Listed equity
- Fixed income - other
- Private equity
- Property
- Infrastructure
- Forestry
- Farmland
- Other (1)

Direct Investments in companies - under innovation and alternative energy strategies

Brief description of investment

Fuel cell manufacturer for stationary power generation applications, new wind turbine design manufacturer, biofuel from waste gas fermentation company - NZ\$253m combined

- Green buildings
- Sustainable forestry

Asset class invested

- Listed equity
- Fixed income - other
- Private equity
- Property
- Infrastructure
- Forestry
- Farmland
- Other (1)

Brief description of investment

FSC certified plantation forestry plus one REDD forest project. These plantations provide logs for both export and domestic markets. Assets are located in various countries including NZ, Australia, Uruguay Chile and Brazil. Timber represents 5% of AUM - the large majority of forests have FSC certification as part of best practice requirements.

- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing

| |
|----------------------|
| Asset class invested |
|----------------------|

- Listed equity
- Fixed income - other
- Private equity
- Property
- Infrastructure
- Forestry
- Farmland
- Other (1)

| |
|---------------------------------|
| Brief description of investment |
|---------------------------------|

Social Infrastructure Fund (NZ\$100m) - investing in schools, hospitals and other social infrastructure.

- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No

Asset class implementation not reported in other modules

| | | | |
|--------------|------------------|--------------------|----------------|
| OA 16 | Voluntary | Descriptive | General |
|--------------|------------------|--------------------|----------------|

| | |
|----------------|---|
| OA 16.1 | Describe how you address ESG issues for externally managed assets for which you are not required to report because your assets are below the minimum threshold. |
|----------------|---|

| Asset Class | Describe what processes are in place and the outputs or outcomes achieved |
|--|--|
| Private equity | <p>The consideration of ESG factors is an important element to our private equity investments. ESG risks and opportunities are assessed and monitored pre and post investment. We have also developed specific Private Equity RI guidelines.</p> <p>ESG Due Diligence is a major component in the pre-investment analysis. ESG Management and Reporting is a post-investment requirement. We advocate and promote best practice in this space. ESG requirements for integration and reporting is in the Manager's IMA.</p> |
| Property | <p>ESG Due Diligence is a major component in the pre- investment analysis. ESG Management and Reporting is a post - investment requirement. We have developed our own property ESG guidelines to assist in this. There are also ESG requirements for integration and reporting in the Manager's IMA. ESG integration has particularly focused on two emerging market property managers with a particular focus on safety and working conditions.</p> |
| Infrastructure | <p>ESG Due Diligence is a major component in the pre- investment analysis. ESG Management and Reporting is a post - investment requirement. We promote the IFC guidelines as appropriate standards, particular in the emerging markets. ESG requirements for integration and reporting is in the Manager's IMA.</p> |
| Forestry | <p>ESG Due Diligence is a major component in the pre- investment analysis. ESG Management and Reporting is a post - investment requirement. We have developed our own Forestry ESG guidelines to assist in this - these include FSC requirements and safety issues. There are also ESG requirements for integration and reporting in the Manager's IMA. Focus this year has been on improving safety in the NZ forestry industry including contractors and suppliers.</p> |
| Other (1) [as defined in Organisational Overview module] | |

OA 16.2 Additional information.

We conduct an RI review and rating of each manager annually. From this relevant RI performance issues (both good practice and concerns) are integrated into the portfolio management and performance (conviction) ratings of our external managers. These conviction reviews are carried out by our Investments team with input from dedicated RI staff.

Innovation

| OA 18 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|
|-------|-----------|-------------|---------|

OA 18.1 Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

OA 18.2

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

Our Risk allocation process (RAP process). The New Zealand Superannuation Fund is a global fund with a long time horizon and certain liquidity. This means there are thousands of potential investment opportunities available to us. How do we choose the best ones for us?

The Risk Allocation Process (RAP) is a portfolio construction process or tool to help with our investment decision-making. We use the RAP to rank and map our existing and potential investment opportunities by:

- attractiveness (expected return, adjusted for confidence and risk); and
- consistency with the Fund's investment style (ESG is a major component of this).

Review and integration of ESG is an integral part of the RAP which prioritises the types of investments we may make.

In addition, we also maintain a staff education module on RI on our intranet. Video recordings also aid the induction processes.

No

New Zealand Superannuation Fund

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

| | | | |
|---------------|------------------|--------------------|----------------|
| SAM 01 | Voluntary | Descriptive | PRI 1-6 |
|---------------|------------------|--------------------|----------------|

SAM 01.1 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

Our activities include: Manager selection, due diligence & ongoing fund management. This is aided by RI Guidelines across asset classes. Specific RI guidelines exist for Equities, PE; Property; Rural, Timber, Life Settlements, Infrastructure. We also include specific RI requirements in mandates and other related legal contracts. We have grouped our mandates/managers by degree of ESG list and/or importance.

As part of post investment monitoring, we carry out an annual RI review of our managers. The objective of the review is to assess and gain more awareness of the manager's management of ESG issues. Managers are rated on ESG practices. The results of this review is integrated into our annual manager conviction review.

We also carry out site visits to assess ESG activities on site.

| | | | |
|---------------|------------------|----------------------|--------------|
| SAM 02 | Mandatory | Core Assessed | PRI 4 |
|---------------|------------------|----------------------|--------------|

SAM 02.1 Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

- Yes
 No

| | | | |
|---------------|------------------|----------------|----------------|
| SAM 03 | Mandatory | Gateway | General |
|---------------|------------------|----------------|----------------|

SAM 03.1 Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

| Asset classes | (a) Selection | (b) Appointment | (c) Monitoring |
|----------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Listed equity | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Fixed income - other | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

Overview

| | | | |
|---------------|--|------------------------|----------------|
| SAM 04 | Mandatory to Report Voluntary to Disclose | Gateway/Peering | General |
|---------------|--|------------------------|----------------|

SAM 04.1 Provide a breakdown of your externally managed listed equities, corporate fixed income and government fixed income by passive, active quant, active fundamental and other active strategies.

Listed equity (LE)

| Type of strategy | As % of externally managed listed equity |
|---------------------------------------|---|
| Passive | <input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50% |
| Active - quantitative (quant) | <input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50% |
| Active - fundamental and other active | <input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50% |

SAM 05 Mandatory Gateway PRI 1,2

SAM 05.1 Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:

Active investment strategies

| Active investment strategies | LE | | |
|------------------------------|-------------------------------------|--|--|
| Screening | <input checked="" type="checkbox"/> | | |
| Thematic | <input type="checkbox"/> | | |
| Integration | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

Passive investment strategies

| | | | |
|--------------------------------------|-------------------------------------|--|--|
| Passive investment strategies | LE | | |
| Screening | <input checked="" type="checkbox"/> | | |
| Thematic | <input type="checkbox"/> | | |
| Integration | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

SAM 05.2 Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

| | | |
|--|-------------------------------------|--|
| | LE | |
| We engage directly or via service providers on our externally managed assets | <input checked="" type="checkbox"/> | |
| We require our external managers to engage on our behalf | <input type="checkbox"/> | |
| None of the above | <input type="checkbox"/> | |

SAM 05.3 Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

| | |
|--|-------------------------------------|
| | LE |
| We cast our (proxy) votes directly or via service providers on our externally managed assets | <input checked="" type="checkbox"/> |
| We require our external managers to cast our (proxy) votes on our behalf | <input checked="" type="checkbox"/> |
| None of the above | <input type="checkbox"/> |

SAM 05.4 Additional information. [Optional]

We use both approaches for engagement and voting depending on the mandate and manager - we have an internally executed engagement programme and also request that most of our external managers (passive and active, not quant) engage on ESG issues with companies in the portfolio and report to us on these. We vote our NZ portfolios directly and through our managers on global portfolios.

Selection

| | |
|----------|---|
| SAM 06.1 | Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following: |
|----------|---|

| | |
|---------|--|
| General | |
|---------|--|

| | LE | | |
|---|-------------------------------------|--|--|
| Review the manager's responsible investment policies | <input checked="" type="checkbox"/> | | |
| Discuss managers' governance and management of responsible investment activities | <input checked="" type="checkbox"/> | | |
| Meet staff with responsible investment responsibilities to assess their skills and competence | <input checked="" type="checkbox"/> | | |
| Discuss minimum responsible investment expectations that managers must meet | <input checked="" type="checkbox"/> | | |
| Discuss the role managers have played in collaborative initiatives | <input checked="" type="checkbox"/> | | |
| Ask whether the organisation is a signatory to the PRI and/or other relevant organisations | <input checked="" type="checkbox"/> | | |
| Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting | <input checked="" type="checkbox"/> | | |
| Discuss the type of ESG reporting you expect | <input checked="" type="checkbox"/> | | |
| Assign specific weighting to ESG factors in your manager evaluation | <input checked="" type="checkbox"/> | | |
| Other general aspects in your selection process, specify | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

| | |
|-------------------|--|
| ESG incorporation | |
|-------------------|--|

| | LE | | |
|--|-------------------------------------|--|--|
| Evaluate the quality and coverage of ESG research used by managers | <input checked="" type="checkbox"/> | | |
| Assess how the manager incentivises brokers to provide ESG research | <input type="checkbox"/> | | |
| Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues | <input checked="" type="checkbox"/> | | |
| Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance | <input checked="" type="checkbox"/> | | |
| Evaluate index providers' ESG incorporation when designing the index | <input type="checkbox"/> | | |
| Other ESG incorporation issues in your selection process, specify | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

(Proxy) voting

| | LE |
|--|-------------------------------------|
| Discuss the managers' voting processes | <input checked="" type="checkbox"/> |
| Discuss how information gained through research for (proxy) voting is used in investment-decision making | <input checked="" type="checkbox"/> |
| Other (proxy) voting issues in your selection process, specify | <input checked="" type="checkbox"/> |
| None of the above | <input type="checkbox"/> |

If you select any 'Other' option(s), specify

We request the manager provides us with engagement and voting reporting.

SAM 06.2

Provide additional information relevant to your organisation's selection approach for listed assets. [Optional]

Our RI due diligence contributes to the conviction rating of the manager - but we do not apply a set weighting as it is variable. We now specify voting and engagement requirements and reporting in our passive global equity managers IMA. Voting requirements are specified in all external equity managers' IMAs.

For our New Zealand managers, our external equity managers must evaluate corporate governance voting policies and send us voting recommendations.

Appointment

| | | | |
|---------------|------------------|----------------------------|--------------|
| SAM 07 | Voluntary | Additional Assessed | PRI 4 |
|---------------|------------------|----------------------------|--------------|

| | |
|-----------------|--|
| SAM 07.1 | When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in investment management agreements/contracts for your listed assets: |
|-----------------|--|

| |
|---------|
| General |
|---------|

| | LE | | |
|---|-------------------------------------|--|--|
| Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues | <input checked="" type="checkbox"/> | | |
| Other general RI considerations in investment management agreements, specify | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

| |
|-------------------|
| ESG incorporation |
|-------------------|

| | LE | | |
|--|-------------------------------------|--|--|
| Specific requirements relating to the incorporation of ESG issues into investment decision-making | <input checked="" type="checkbox"/> | | |
| Other RI considerations relating to ESG incorporation in investment management agreements, specify | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

| |
|----------------|
| (Proxy) voting |
|----------------|

| | LE |
|---|-------------------------------------|
| Specific requirements relating to (proxy) voting | <input checked="" type="checkbox"/> |
| Other RI considerations relating to (proxy) voting in investment management agreements, specify | <input checked="" type="checkbox"/> |
| None of the above | <input type="checkbox"/> |

Reporting

| | LE | | |
|--|-------------------------------------|--|--|
| Reporting on the agreed responsible investment activities | <input checked="" type="checkbox"/> | | |
| Reporting on the ESG characteristics of the portfolio | <input checked="" type="checkbox"/> | | |
| Reporting on the impact of ESG issues on financial performance | <input checked="" type="checkbox"/> | | |
| Other RI considerations relating to reporting in investment management agreements, specify | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

If you select any 'Other' option(s), specify

As part of the search and selection of external managers - ESG questions form part of the RFP/RFI process. This is then discussed further in the manager selection due-diligence process - specific areas of interest are ESG integration in company analysis, engagement and voting as well as ESG analytics. ESG requirements are then added in the managers' mandates/legal requirements to reflect this. These have become more specific over the years. The type of requirement will depend on the mandate e.g. passive versus active. Reporting the impact on financial performance considers impact of exclusions, not yet broader ESG impacts systematically. Our annual RI review of managers includes requests for information on a number of the points above, even if not included specifically in the legal documentation.

Monitoring

| | | | |
|---------------|------------------|----------------------|--------------|
| SAM 08 | Mandatory | Core Assessed | PRI 1 |
|---------------|------------------|----------------------|--------------|

| | |
|-----------------|---|
| SAM 08.1 | Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following: |
|-----------------|---|

| | |
|--|---------|
| | General |
|--|---------|

| | LE | | |
|--|-------------------------------------|--|--|
| Include responsible investment as a standard agenda item at performance review meetings | <input checked="" type="checkbox"/> | | |
| Highlight examples of good responsible investment practice by other managers | <input checked="" type="checkbox"/> | | |
| Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports | <input checked="" type="checkbox"/> | | |
| Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors | <input checked="" type="checkbox"/> | | |
| Include responsible investment criteria as a formal component of overall manager performance evaluation | <input checked="" type="checkbox"/> | | |
| Request information on whether your manager's approach to ESG issues has impacted financial performance | <input checked="" type="checkbox"/> | | |
| Request information on whether your manager's approach to ESG issues has impacted risk or volatility | <input checked="" type="checkbox"/> | | |
| Request information on whether your manager's approach to ESG issues has impacted ESG performance | <input checked="" type="checkbox"/> | | |
| Other general aspects of your monitoring, specify | <input type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

ESG incorporation

| | LE | | |
|---|-------------------------------------|--|--|
| Request information on ESG incorporation in specific investment decisions | <input checked="" type="checkbox"/> | | |
| Other ways you monitor ESG incorporation, specify | <input checked="" type="checkbox"/> | | |
| None of the above | <input type="checkbox"/> | | |

(Proxy) voting

| | |
|---|-------------------------------------|
| | LE |
| Review the number or percentage of votes cast | <input checked="" type="checkbox"/> |
| Request an explanation of reasons for votes cast | <input checked="" type="checkbox"/> |
| Discuss whether companies were informed of the reasons for votes against management recommendations or abstentions/withheld votes | <input checked="" type="checkbox"/> |
| Review the number of resolutions on ESG issues filed or co-filed | <input checked="" type="checkbox"/> |
| Discuss the changes in company practice (outcomes) that have been achieved from voting activities | <input checked="" type="checkbox"/> |
| Other ways you monitor (proxy) voting activities, specify | <input type="checkbox"/> |
| None of the above | <input type="checkbox"/> |

If you select any 'Other' option(s), specify

Discussions around changes from past voting activity and engagement during the year are generally discussed with our active NZ managers as part of decision-making and recommendations for up-and-coming AGM activity and focus on stock specific issues of concern. We monitor our passive managers engagement activity and voting reports for our global portfolio.

| | | | |
|---------------|------------------|----------------------|--------------|
| SAM 09 | Mandatory | Core Assessed | PRI 2 |
|---------------|------------------|----------------------|--------------|

| | |
|-----------------|---|
| SAM 09.1 | For the listed equities where you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year. |
|-----------------|---|

We track or collect this information

Votes cast (to the nearest 5%)

%

100

Specify the basis on which this percentage is calculated

- Of the total number of ballot items on which they could have issued instructions
- Of the total number of company meetings at which they could have voted
- Of the total value of your listed equity holdings on which they could have voted
- We do not track or collect this information

Other asset classes

| | | | |
|---------------|------------------|--------------------|----------------|
| SAM 13 | Voluntary | Descriptive | PRI 1-6 |
|---------------|------------------|--------------------|----------------|

SAM 13.1

Describe how your organisation, and/or your investment consultants, address responsible investment factors in manager selection, appointment and/or monitoring process for the following asset classes:

| Asset Class | Description |
|----------------------|---|
| Fixed income - other | <p>Our two fixed income mandates are passive segregated which provides limited opportunity for integration if using standard benchmarks. Nevertheless as with all external managers we still include our RI questionnaire in our manager selections process. The RI and investment teams conduct RI manager reviews annually on all current managers. From this the manager is given a current RI Rating and a target RI Rating dependent on the mandate. The annual RI manager reviews are integrated into the annual Investment Conviction Review of a manager and into the investment team's work plans where improvements are needed or where there are case studies of good practices that can be shared internally.</p> <p>One of our fixed income managers has being very supportive in providing a sophisticated means to identify relationships between companies to assist our exclusion updates. Our fixed income managers must exclude bonds issued by companies on our exclusion list which requires constant monitoring by the manager. We have a convertible arbitrage quant pooled fund where the manager has tested ESG metrics to see if these could be used in its active quant strategy. It has not found the signals strong enough to replace other factors to date but is monitoring this area of research. The manager has since signed up to the UNPRI.</p> |

Outputs and outcomes

| | | | |
|---------------|--|--------------------|----------------|
| SAM 14 | Mandatory to Report Voluntary to Disclose | Descriptive | PRI 1-6 |
|---------------|--|--------------------|----------------|

SAM 14.1

Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.

%

43

| | | | |
|---------------|------------------|--------------------|--------------|
| SAM 15 | Voluntary | Descriptive | PRI 2 |
|---------------|------------------|--------------------|--------------|

SAM 15.1

Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

Add Example 1

| | |
|-------------------|---|
| Topic or issue | New Passive Equity mandate |
| Conducted by | <input checked="" type="checkbox"/> Internal staff |
| Asset class | <input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income - other |
| Scope and process | RI included in selection via RFP and meetings during due diligence process. Expectations relating to RI improvements where necessary communicated and carried forward into RI Rating and investment team's manager reviews. |
| Outcomes | Engagement capability formed part of the search process and was included in the mandate. |

- Add Example 2
- Add Example 3
- Add Example 4
- Add Example 5

Communication

| | | | |
|--------|-----------|---------------|-------|
| SAM 16 | Mandatory | Core Assessed | PRI 6 |
|--------|-----------|---------------|-------|

SAM 16.1

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

- Yes, we disclose information publicly

provide URL

<https://www.nzsuperfund.co.nz/how-we-invest/responsible-investment>

provide URL

<https://www.nzsuperfund.co.nz/publications/annual-reports>

SAM 16.2

Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

- Yes

SAM 16.3

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
 - Details of the responsible investment activities carried out by managers on your behalf
 - E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
 - Other, specify
- No
- Yes, we disclose information to clients/beneficiaries only
- We do not proactively disclose information to the public and/or clients/beneficiaries

SAM 16.4

Additional information. [Optional]

We report through a dedicated Responsible Investment section on our website, in our annual reports and other sections on our website where pertinent. e.g. publications, Statement of Policies, Standards and Procedures, and also the UNPRI Transparency Report. Voting activity by managers is reported at an aggregated level.

New Zealand Superannuation Fund

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Engagement

Overview

| | | | |
|--------|-----------|-------------|-------|
| LEA 01 | Voluntary | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|

LEA 01.1 Provide a brief overview of your organisation's approach to engagement.

Our Engagement activities include:

Governance & Voting - to encourage high governance standards across markets & asset classes

Monitoring & Engagement - dialogue with companies over significant breaches of standards & to encourage best practice

Substantial owner - engagement on material ESG issues with companies in which we have a significant stake.

We believe that by improving ESG performance a company can improve its long-term financial performance - creating value for long-term investors such as the Fund.

If a company has materially breached good corporate practice standards, this creates risks for the company and investors. Through our engagement programme we seek improvements from companies and play a role in influencing change. Through engagement, companies are increasingly aware that investors are analysing their ESG performance and expecting them to address ESG issues head on.

We monitor company behaviour against the internationally-recognised UN Global Compact, which covers four key areas: human rights, labour, environment and anti-corruption.

Because we are a relatively small investor in global terms, we focus our limited resources on companies where we can make a difference. During the year, we updated our engagement process to guide our decision-making on which companies we choose to engage with and when to draw an engagement to a close.

Since the new process was introduced in September 2012, we have excluded a small number of companies from the Fund for breaches of standards. Prior to then, exclusions from the Fund had all been on a product basis e.g. tobacco.

| | | | |
|--------|-----------|---------|-----------|
| LEA 02 | Mandatory | Gateway | PRI 1,2,3 |
|--------|-----------|---------|-----------|

LEA 02.1 Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

| Type of engagement | Reason for interaction |
|--|--|
| Individual/Internal staff engagements | <input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff |
| Collaborative engagements | <input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements |
| Service provider engagements | <input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers |

LEA 02.2 Additional information. [Optional]

We carry out our engagement program in two ways: 1) we engage with companies directly ourselves; or 2) we engage through collaborative efforts.

Process

Process for engagements run internally

| | | | |
|---------------|------------------|----------------------|--------------|
| LEA 03 | Mandatory | Core Assessed | PRI 2 |
|---------------|------------------|----------------------|--------------|

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

LEA 03.2 Describe how you identify and prioritise engagements.

We are in a RI resource sharing agreement with 2 other Crown Financial Institutions in NZ (CFIs) who are also UNPRI signatories. We act as their secretariat on RI process and practices for implementation. Direct Engagement with companies is one of the core functions we carry out on the CFIs behalf. We also represent them and support them on UNPRI's collaborative clearinghouse engagements.

As a group we have prioritized the following issues as the most important for engagement focus:

- Human rights: labour conditions (eg health and safety); operations in weak states
- Business ethics: bribery& corruption
- Severe environmental damage

In general, as a collective group, we monitor the portfolio using guidance from MSCI (third party service provider), peer funds and general media, identifying companies that might breach - or have breached - recognised environmental, social or governance (ESG) standards.

We assess this information to determine whether we should include the company in our engagement programme. This is done every quarter. The key factors we consider when prioritising our engagement efforts include:

1. Whether the breach is of international standards or represents a high/significant ESG risk, using these guidelines:

- long-term or short-term
- historic or ongoing
- isolated or endemic

2. If it is one of our three focus issues; or

3. Our ability to influence and to work collaboratively.

No

| | | | |
|--------|-----------|---------------|-------|
| LEA 04 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

LEA 04.1 Indicate if you define specific objectives for your engagement activities.

- Yes
- Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- No

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

- Yes
- Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases

LEA 04.3 Describe how you monitor and evaluate the progress of your engagement activities.

As part of the resource sharing agreement and on company engagements, we carry out quarterly evaluations of our engagement activities. This evaluation checks progress against the key objectives we set for the engagement and determines if the engagement should continue or be completed and the company moved to our monitoring list. The company behaviour and activities is also mapped with MSCI's ESG data/ratings to assess what changes have occurred within the company.

No

Process for engagements conducted via collaborations

| | | | |
|--------|-----------|---------------|-------|
| LEA 05 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

LEA 05.1 Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

Yes

LEA 05.2 Describe how you identify and prioritise collaborative engagements.

As a CFI group, we have worked together and have agreed on priorities and processes in carrying out company engagements in collaboration with other Funds eg via the UNPRI.

We prioritise collaborative engagements based on the following:

- Those issues that were the most significant "red-flag" issues from portfolio monitoring and analysis.
- ESG issues that can have a material impact on the long-term value (including reputation) of the company.
- Engagements that are in one of our focus areas ie; Human rights: labour conditions (health and safety, abusive practices); operations in states with weak human rights protection
- Business ethics: bribery & corruption
- Severe environmental damage
-

No

| | | | |
|--------|-----------|---------------|-------|
| LEA 06 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

LEA 06.1 Indicate if the collaborative engagements in which you are involved have defined objectives.

Yes

- Yes, for all collaborative engagement activities
- Yes, for the majority of collaborative engagement activities
- Yes, for a minority of collaborative engagement activities

No

LEA 06.2 Indicate if you monitor the actions companies take following your collaborative engagements.

Yes

- Yes, in all cases
- Yes, in the majority of cases
- Yes, in the minority of cases

LEA 06.3 Describe how you monitor and evaluate the progress of your collaborative engagement activities.

We are involved in collaborative engagement programmes. These are:

1. UNPRI Vedanta plc
2. UNPRI Anti-corruption phase 2
3. UNPRI Sustainable Palm Oil
4. UNPRI Fracking

- 5. UN Global Compact Leaders
- 6. Our Resource sharing agreement with the CFIs

In all of the above, aside from point 4 (CFIs), NZ Super mostly plays a support role.

For all of these initiatives, the leaders set milestones and objectives, which we review and agree/discuss. Progress reports/updates are then done every quarter.

No

General processes for all three groups of engagers

| | | | |
|---------------|------------------|----------------------------|----------------|
| LEA 09 | Voluntary | Additional Assessed | PRI 1,2 |
|---------------|------------------|----------------------------|----------------|

LEA 09.1 Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

| Type of engagement | Insights shared |
|--|---|
| Individual/Internal staff engagements | <input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No |
| Collaborative engagements | <input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No |

| | | | |
|---------------|------------------|------------------------------|--------------|
| LEA 10 | Mandatory | Gateway/Core Assessed | PRI 2 |
|---------------|------------------|------------------------------|--------------|

LEA 10.1 Indicate if you track the number of engagements your organisation participates in.

| Type of engagement | Tracking engagements |
|--|---|
| Individual / Internal staff engagements | <input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements |
| Collaborative engagements | <input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements |

LEA 10.2 Additional information. [Optional]

We do not use an external service provider

Outputs and outcomes

LEA 12

Voluntary

Additional Assessed

PRI 2

LEA 12.1

Indicate if your engagements in the reporting year covered E, S and/or G issues.

| Type of engagement | Coverage |
|---|--|
| Individual / Internal staff engagements | <input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information |
| Collaborative engagements | <input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information |

LEA 12.2

Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Environmental only

0

% Social only

20

% Corporate Governance only

20

% Overlapping ESG issues

60

100%

| | |
|-------------|-----------------------------|
| | Collaborative engagements |
| | % Environmental only |
| 17 | |
| | % Social only |
| 0 | |
| | % Corporate Governance only |
| 33 | |
| | % Overlapping ESG issues |
| 50 | |
| 100% | |

Communication

| | | | |
|---------------|------------------|----------------------|----------------|
| LEA 15 | Mandatory | Core Assessed | PRI 2,6 |
|---------------|------------------|----------------------|----------------|

| | |
|-----------------|--|
| LEA 15.1 | Indicate whether your organisation proactively discloses information on its engagements. |
|-----------------|--|

We disclose it publicly

| | |
|--|-------------|
| | provide URL |
|--|-------------|

<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Annual%20Report%202013-14.pdf>

| | |
|-----------------|---|
| LEA 15.2 | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries. |
|-----------------|---|

Yes

| | |
|-----------------|--|
| LEA 15.3 | Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public. |
|-----------------|--|

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

LEA 15.4

Indicate how frequently you typically report engagements information.

- Disclosed continuously (prior to and post engagements)
- Disclosed quarterly
- Disclosed annually
- Disclosed every two years or less
- Other, specify
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

(Proxy) voting and shareholder resolutions

Overview

| LEA 16 | Voluntary | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|
|--------|-----------|-------------|-------|

LEA 16.1

Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

Our voting at company AGMs and EGMs is based on our voting guidelines, but respond on a case-by-case basis where special circumstances arise.

- For our overseas holdings we will either direct our elected proxy voting agency to vote in line with its recommendations or we will instruct our investment managers to vote in line with their proxy voting agency or their own internal voting guidelines. We retain the right to instruct votes on companies.
- For our New Zealand equity holdings, we consider the recommendations of both our proxy voting agency and our New Zealand investment managers in our New Zealand voting decisions and direct the votes ourselves.
- Our proxy voting agency's guidelines which we apply can be found at <http://www.issgovernance.com/policy>.

The broad principles are set out in the voting guidelines of our elected proxy voting agency and represent the essential elements of good governance. Such principles include transparency, board alignment with shareholder interests, remuneration, business ethics, and maintaining voting rights.

For our New Zealand equity holdings, we consider the recommendations of both our voting agency and our New Zealand investment managers but we make the final voting decisions. We note that we participated in the development of the New Zealand proxy voting guidelines used by our voting agency (refer to www.nzsuperfund.co.nz for our New Zealand proxy voting guidelines).

Process

| | | | |
|--------|-----------|-------------|-------|
| LEA 17 | Mandatory | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|

| | |
|----------|---|
| LEA 17.1 | Indicate how you typically make your (proxy) voting decisions and what this approach is based on. |
|----------|---|

| |
|----------|
| Approach |
|----------|

- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

| |
|--------------------|
| Based primarily on |
|--------------------|

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

| | |
|----------|-----------------------------------|
| LEA 17.2 | Additional information.[Optional] |
|----------|-----------------------------------|

For International external managers, we instruct them on the policy they should use in implementing voting - generally the managers own policy or that of a proxy voting advisor depending on the managers' capabilities. For New Zealand managers, we take final recommendations from our external NZ managers and make the final voting decision ourselves. We also use ISS's research and recommendatios to inform our decisions.

| | | | |
|--------|-----------|---------------------|-------|
| LEA 20 | Voluntary | Additional Assessed | PRI 2 |
|--------|-----------|---------------------|-------|

| | |
|----------|---|
| LEA 20.1 | Indicate if your organisation has a securities lending programme. |
|----------|---|

- Yes
- No

| | | | |
|--------|-----------|---------------|-------|
| LEA 21 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

| | |
|-----------------|---|
| LEA 21.1 | Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations. |
|-----------------|---|

- Yes, in most cases
- Sometimes, in the following cases:
 - votes in selected markets
 - votes on certain issues (all markets)
 - votes for significant shareholdings (all markets)
 - other, explain
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

| | |
|-----------------|------------------------------------|
| LEA 21.2 | Additional information. [Optional] |
|-----------------|------------------------------------|

We publish our policy on our website. We currently only occasionally discuss voting decisions pre and post AGM directly with companies but our objective is to be more proactive about communicating our expectations to companies throughout the year in meetings and through the NZ Institutional Investors Corporate Governance Forum.

External Investment Managers also engage with companies about their policies and voting decisions and provide feedback to us through reporting and/or recommendations.

Outputs and outcomes

| | | | |
|---------------|------------------|----------------------|--------------|
| LEA 22 | Mandatory | Core Assessed | PRI 2 |
|---------------|------------------|----------------------|--------------|

| | |
|-----------------|---|
| LEA 22.1 | For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year. |
|-----------------|---|

- We do track or collect this information

| | |
|--|--------------------------------|
| | Votes cast (to the nearest 1%) |
|--|--------------------------------|

| | |
|--|---|
| | % |
|--|---|

99

| | |
|--|--|
| | Specify the basis on which this percentage is calculated |
|--|--|

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

LEA 22.2 If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

Some ballot items are non-voting but counted as a did-not-vote.



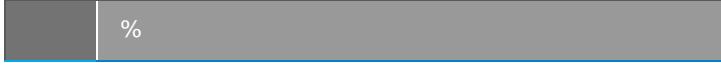
We do not track or collect this information

| | | | |
|---------------|------------------|--------------------|--------------|
| LEA 23 | Voluntary | Descriptive | PRI 2 |
|---------------|------------------|--------------------|--------------|

LEA 23.1 Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

Yes, we track this information

LEA 23.2 Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

| Voting instructions | Breakdown as percentage of votes cast |
|---|---|
| For (supporting) management recommendations |  90 |
| Against (opposing) management recommendations |  8 |
| Abstentions |  2 |

100%

LEA 23.3 For the reporting year, describe your approach towards voting on shareholder resolutions.

For NZ companies we vote directly. We instructed our international managers to vote according to their own policies as they have teams dedicated to voting analysis engagement and decisions.

No, we do not track this information

| | | | |
|---------------|------------------|--------------------|--------------|
| LEA 24 | Voluntary | Descriptive | PRI 2 |
|---------------|------------------|--------------------|--------------|

LEA 24.1 Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

Yes

No

Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

LEA 26.1

Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly

provide URL

<https://www.nzsuperfund.co.nz/performance-esg-management/voting-reports>

provide URL

<https://www.nzsuperfund.co.nz/publications/submissions>

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.4

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- No
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LEA 26.8

Additional information. [Optional]

Submissions to regulators on NZ corporate governance are made public on our website.