




The image shows two overlapping forms from the PRI (Principles for Responsible Investment) LEA (Leadership Engagement) series. The top form is LEA 02, titled 'Disruptive Mandatory', and the bottom form is LEA 03, titled 'Disruptive Mandatory'. Both forms are designed for engagement with companies and are structured to track various types of engagements and the reasons for them.

Type of engagement	Reason for interaction
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's business <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to address an ESG issue <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 in a company's business <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to address an ESG issue <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's business <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to address an ESG issue <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via service providers

RI TRANSPARENCY REPORT

2013/14

New Zealand Superannuation Fund



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

PRI disclaimer

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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	✓	n/a							✓
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	✓	Public							✓
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	✓	Public							✓
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	✓	Public							✓

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	🔒	n/a	✓					✓	
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	✓	Public		✓					
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	✓	Public		✓					
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
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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 bank
- ☒ Reserve - sovereign or government controlled fund
- ☐ Other, specify

OO 02	Mandatory	Peering	General
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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

86.8

OO 03	Mandatory	Descriptive	General
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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
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OO 04.1 Indicate the year end date for your reporting year.

30/06/2013

OO 04.2

Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		22	970	000	000
Currency	NZD				
Assets in USD		17	953	343	449

OO 04.3

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

	Internally managed (%)	Externally managed (%)
Listed equity	1.5	22.6
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0.2	8.6
Private debt	0	0.6
Private equity	0	1.6
Property	0	6.7
Infrastructure	0.8	5.0
Commodities	0	2.1
Hedge funds	0	3.5
Forestry	0	6.3
Farmland	0	0.7
Inclusive finance	0	0

Cash	0	0
Other (1), specify	1.2	2.6
Other (2), specify	36.0	0

'Other (1)' specified

Catastrophe Bonds, Direct Investments and Life Settlements

'Other (2)' specified

Derivatives and Futures

- ☐ Publish our asset class mix as broad ranges
- ☐ 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
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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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
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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 US\$21.7 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 9.57% 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

Around 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 asset owners who exercise best-practice portfolio management should have concern for environmental, social, and governance (ESG) issues. We also believe that by improving ESG performance, companies can improve their long-term financial performance.

As part of good governance of the Fund, we therefore aim to actively manage the long-term risks and opportunities ESG concerns 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 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, 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.		
<div><input checked="" type="checkbox"/> We incorporate ESG issues into investment decisions on our internally managed assets</div> <div><input checked="" type="checkbox"/> We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes</div> <div><input checked="" type="checkbox"/> We engage with companies on ESG issues via our staff, collaborations or service providers</div> <div><input checked="" type="checkbox"/> We cast our (proxy) votes directly or via service providers</div> <div><input type="checkbox"/> None of the above</div>			
OO 10.2	Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.		
<div><input checked="" type="radio"/> Yes, our total listed equities are 10% or more of our total AUM</div> <div><input type="radio"/> No, our total listed equities are less than 10% of our total AUM</div>			
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.
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- ☒ Fixed Income – other
- ☒ Infrastructure
- ☒ Other (1)
- ☒ Other (2)
- ☐ None of the above

	'Other (1)' [as defined in OO 05]
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Catastrophe Bonds, Direct Investments and Life Settlements

	'Other (2)' [as defined in OO 05]
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Derivatives and Futures

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.
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- ☒ Fixed Income – other
- ☒ Private debt
- ☒ Private equity
- ☒ Property
- ☒ Infrastructure
- ☒ Commodities
- ☐ Hedge funds
- ☒ Forestry
- ☒ Farmland
- ☒ Other (1)
- ☐ None of the above

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

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, 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. Direct - Fixed Income and Infrastructure are always voluntary.
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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 Debt
☐ Private Equity
☐ Property
☐ Infrastructure
☐ Commodities
☐ Forestry
☐ Farmland
☐ Other (1)

Closing module

- ☒ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

New Zealand Superannuation Fund

Reported Information

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.		
	<input checked="" type="radio"/> Yes <input type="radio"/> No		
OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.		
	<input checked="" type="radio"/> Yes <input type="radio"/> 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 asset owners who exercise best-practice portfolio management should have concern for environmental, social, and governance (ESG) issues. We also believe that by improving ESG performance, companies can improve their long-term financial performance. This is forms 2 of our 10 investment beliefs. <http://www.nzsuperfund.co.nz/index.asp?pageID=2145879228>

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>

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 provide responsible investment services and advice to 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 : <http://www.nzsuperfund.co.nz/index.asp?pageID=2145876519>

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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☒ Yes

OA 02.2	Provide a URL to your responsible investment policy.
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URL

<http://www.nzsuperfund.co.nz/index.asp?pageID=2145876519>

☐ No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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☒ 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.
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Policy or document name	URL
Investment beliefs which includes ESG	http://www.nzsuperfund.co.nz/index.asp?pageID=2145879228
Statement of Investment Policies/Procedures	http://www.nzsuperfund.co.nz/index.asp?pageID=2145879230
Our RI framework	http://www.nzsuperfund.co.nz/index.asp?pageID=2145876631
Proxy Voting and reports	http://www.nzsuperfund.co.nz/index.asp?pageID=2145857748
Organisational ESG priorities	http://www.nzsuperfund.co.nz/index.asp?pageID=2145899578
Our Legislation (ref 1.2)	http://www.nzsuperfund.co.nz/files/SUPERDOCS_n255533_v1_Statement_of_Investment_Policies_Standards_and_Procedures.pdf

☐ No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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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 type="checkbox"/> Other, specify	<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 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ 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:

http://www.nzsuperfund.co.nz/files/Board_Charter_for_Website_with_Changes_from_April_2012.pdf

A copy of the Board Code of Conduct is available at:

http://www.nzsuperfund.co.nz/files/Board_Code_of_Conduct_Approved_22_June_2009_Clean.pdf

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:

<http://www.nzsuperfund.co.nz/files/Policy%20Documents/NZSF%20HR%20Policy%20v2A%2030%20Nov%202012.pdf>

☐ No

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]
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Progress on our RI objectives is reviewed by the Board biannually. All RI activities are presented to the board via a RI dashboard. In addition, there is a dedicated RI report within each Annual Report and dedicated section within Quarterly Report to the Minister of Finance.

OA 06	Voluntary	Descriptive	General
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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.
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☒ Add responsible investment objective 1

Objective 1	RI incorporated into our risk and allocation processes for investment prioritisation
Key performance indicators	Review of ESG factors is a key part of our risk allocation process which prioritises the types of investments we should make.
Describe the progress achieved	We have completed the prioritisation of investments using our risk allocation process twice. This supported our investment decisions.

☒ Add responsible investment objective 2

Objective 2	RI Training by external provider for the investments team
Key performance indicators	RIAA RI Academy training of Investment professional (28 enrolled, 6 completed). Roll out of RI integration programme across the organisation
Describe the progress achieved	RI Academy training 28 enrolled, 6 completed and others scheduled to complete by Dec 2013. RI integration programme underway (at the roll out phase).

☒ Add responsible investment objective 3

Objective 3	Improving RI manager performance
Key performance indicators	Review and scoring of ESG practices of external investment managers.
Describe the progress achieved	Review of external investment managers complete, which has led to prioritising specific managers for further monitoring and review.

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.
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☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	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.

☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	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	<table border="1"> <tr> <td></td><td>key performance indicator 2</td></tr> </table> RI plans approved and signed off by Head of Investments.		key performance indicator 2
	key performance indicator 2		

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Review and enhance our Engagement Programme
Key performance indicators	Review and improve implementation, evaluation and reporting of our engagement programme.

Governance and human resources

OA 07	Voluntary	Descriptive	General
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OA 07.1	Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.
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The RI team has recently (in the past 12 months) been moved to the core investments function of the organisation.

The ultimate responsibility of RI sits with our Board who delegate down to the CEO. This is then delegated down to General Manager Investments, and then to the Head of Investment Analysis. The responsibility and day to day running of the RI function sits with the Head of Investment Analysis, Manager of Responsible Investment and Senior Responsible Investment Analyst.

☐ 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
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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
GM Investments * Head of IA
 - ☐ 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

OA 08.3	Additional information. [Optional]
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14 (30%) of the Fund's asset and investment managers are members of the UNPRI, including more than half of our NZ managers. Majority have RI policies or an approach to ESG, even if they are not UNPRI signatories.

OA 09	Voluntary	Additional Assessed	General
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OA 09.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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Board members/Board of trustees

☒ Responsible investment included in personal development and/or training plan

OA 09.2	Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.
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- RI education session - at least once a year briefing the Board on RI issues and progress.
- 6 monthly RI briefing to the Board as part the Board Dashboard.

☐ None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Other C-level staff or head of department

GM Investments, Head of Investment

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Portfolio managers

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Investment analysts

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Dedicated responsible investment staff

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Other role

Communications Team

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

OA 09.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Responsible investment activities are a core part of the annual performance review of the investments team. The General Manager of Investments as well as Head of Investment Analysis have specific RI targets and objectives. The RI Academy training is part of the individual professional development program of individual staff in the investments team.

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

OA 10.2

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

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ 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
☒ Principles for Responsible Investment

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

- ☐ Basic
☐ Moderate
☒ Advanced

- ☒ 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

- ☐ Shareholder Association for Research and Education (Share)
☐ United Nations Environmental Program Finance Initiative (UNEP FI)
☒ United Nations Global Compact

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]
--

United Nations Peace Building event

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

☐ No

OA 10.3	Additional information. [Optional]
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In addition, we have a RI resource sharing agreement with two other Crown Financial institutions (CFI's) in NZ. The two CFI's (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 also provide guidance to local community groups in New Zealand on RI issues. This includes, for example, The Waikato Community Trust and Maori Trust Boards.

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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☒ Yes

OA 11.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- ☒ 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

Attended conferences and events related to Responsible Investing and also encouraged other members of the organisation to attend (and they have).

☐ No

OA 11.3	Additional information. [Optional]
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We also provide responsible investment services and advice 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 organise an annual New Zealand Responsible Investment Conference and act as a judge on the Sustainable 60's annual reporting.

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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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.
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- ☒ Yes
- ☐ Yes, individually
- ☒ Yes, in collaboration with others

OA 12.2	Select the methods you have used.
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- ☐ 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
- as per the submissions by the: Investor Group on Climate Change; Responsible Investment Association of Australia; and ISS.

OA 12.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
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- ☐ Yes, publicly available
- ☒ No
- ☐ No

OA 12.4	Additional information.
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This is done through membership with the Responsible Investment Association of Australiasia (RIAA), and the Investor group on Climate Change (IGCC).

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
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OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
----------------	--

- ☒ Yes

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
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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

6.5

OA 14.3

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

Area

☒ Clean technology

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - other
- ☐ Private debt
- ☒ Private equity
- ☐ Property
- ☐ Infrastructure
- ☐ Commodities
- ☐ Forestry
- ☐ Farmland
- ☐ Other (1)
- ☐ Other (2)

Brief description of investment

Fuel cell manufacturer for stationary power generation applications.

- ☐ Green buildings
- ☒ Sustainable forestry

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - other
- ☐ Private debt
- ☐ Private equity
- ☐ Property
- ☐ Infrastructure
- ☐ Commodities
- ☒ Forestry
- ☐ Farmland
- ☐ Other (1)
- ☐ Other (2)

Brief description of investment

FSC certified plantation forestry including mostly Pine and Eucalypt species. These plantations provide logs for both export and domestic markets. Assets are located in various countries including NZ, Australia, Uruguay Chile and Brazil.

- ☐ Sustainable agriculture
- ☐ Microfinance
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☒ Other area, specify

Social Infrastructure

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - other
- ☐ Private debt
- ☐ Private equity
- ☐ Property
- ☒ Infrastructure
- ☐ Commodities
- ☐ Forestry
- ☐ Farmland
- ☐ Other (1)
- ☐ Other (2)

Brief description of investment

Our social infrastructure investment is in Public Private Partnerships in NZ and Australia.

☐ No

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
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OA 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Listed equities - ESG incorporation	Our Responsible Investment Framework, and in particular our RI exclusions policy is applied for all our listed equities investments. The exclusions lists are updated every 6 months and monitored daily by our external custodian.
Fixed income - other	Our Responsible Investment Framework, and in particular our RI exclusions policy is applied for all fixed income investments. In addition, we also apply our RI framework to sovereign bonds. The exclusions lists are updated every 6 months and monitored daily by our external custodian.
Infrastructure	<p>The consideration of ESG factors is an important element to infrastructure investment decisions and is given additional weighting and focus due to size, scale and proximity (of such investments). ESG risks and opportunities are assessed and monitored pre and post investment.</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 for the IFC guidelines to be applied where appropriate.</p>
Other (1) [as defined in Organisational Overview module]	
Other (2) [as defined in Organisational Overview module]	

OA 16	Voluntary	Descriptive	General
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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
Fixed income - other	Our Responsible Investment Framework, and in particular our RI exclusions policy is applied for all fixed income investments. In addition, we also apply our RI framework to sovereign bonds. The exclusions lists are updated every 6 months and monitored daily by our external custodian.
Private debt	<p>The consideration of ESG factors is an important element to our private debt investments. ESG risks and opportunities are assessed and monitored pre and post investment.</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>
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	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.
Infrastructure	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.
Commodities	
Forestry	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. There are also ESG requirements for integration and reporting in the Manager's IMA.
Farmland	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 rural ESG guidelines to assist in this. There are also ESG requirements for integration and reporting in the Manager's IMA.

Other (1) [as defined in Organisational Overview module]	
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OA 16.2	Additional information.
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We integrate RI considerations 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
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OA 18.1	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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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 rolled out staff education modules on RI on our intranet. Video recordings also aid the induction processes.

Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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- ☐ Yes
- ☒ 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
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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 and Timber. We also include specific RI requirements in mandates and other related legal contracts.

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
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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
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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"/>

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

Overview

SAM 04	Mandatory to Report Voluntary to Disclose	Gateway/Peering	General
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**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 checked="" 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"/>	

Selection

SAM 06 Mandatory Core Assessed PRI 1-6

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 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 checked="" 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 checked="" type="checkbox"/>		
Other ESG incorporation issues in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Engagements

	LE		
Discuss the managers' engagement processes	<input checked="" type="checkbox"/>		
Discuss the role managers have played in influencing companies' ESG practices and performance	<input checked="" type="checkbox"/>		
Discuss how information gained through engagement is incorporated into investment decision-making	<input checked="" type="checkbox"/>		
Other engagement 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 6 monthly engagement and voting reportings.

SAM 06.2	Provide additional information relevant to your organisation's selection approach for listed assets. [Optional]
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We 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
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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:
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	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"/>		

Engagement

	LE		
Specific requirements relating to engagement	<input type="checkbox"/>		
Other RI considerations relating to engagement in investment management agreements, specify	<input 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.

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"/>		
Other general aspects of your monitoring, specify	<input checked="" 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"/>		

Engagements

	LE	
Review the ESG information relevant to the engagements	<input checked="" type="checkbox"/>	
Discuss the number of engagements and their comprehensiveness	<input checked="" type="checkbox"/>	
Discuss the type of role played (i.e. leading or supporting)	<input checked="" type="checkbox"/>	
Review the progress of ongoing engagements and/or outcomes of completed engagements	<input checked="" type="checkbox"/>	
Other ways you monitor engagement activities, 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 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 checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

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

For both engagement and voting we specify reporting requirements - usually request these 6 monthly

SAM 08.2	Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]
-----------------	---

ESG is part of the annual conviction process of the manager. If a manager falls below a certain conviction score, they are at risk of being terminated.

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

Outputs and outcomes

SAM 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6
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SAM 14.1	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.
-----------------	--

	%
--	---

30

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	HSE in Emerging Markets
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity
Scope and process	We requested our emerging market property managers to develop an approach/methodology to report HSE data. The managers have successfully worked with us and a third party to develop a process for HSE site monitoring and reporting.
Outcomes	The manager developed a policy and approach. As a result we are now receiving reports with HSE data and detail on corrective actions.

☒ Add Example 2

Topic or issue	Rural Land
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity
Scope and process	We see rural land as a relatively under-developed asset class delivering a range of investment exposures and being a good diversifier for the Fund. Because the sector cannot be easily accessed through listed markets, there is strong scope for adding value through active management. As a long-term responsible investor, we expect our farms to meet good-practice standards.
Outcomes	Our Manager (FarmRight), agreed that they would includes specific policies on: environmental management and sustainability; health and safety of staff, contractors and visitors; human resources; •animal management and welfare; business standards and ethics in their asset management.

☐ 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

<http://www.nzsuperfund.co.nz/news.asp?pageID=2145831983>

provide URL

<http://www.nzsuperfund.co.nz/files/Annual%20Reports/NZSF%20Annual%20Report%202012-13.PDF>

**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

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 or 'category' basis.

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
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LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
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☉ 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 an annual evaluation process of our engagement activities. This evaluation checks progress against the key milestones and objectives we set for the engagement. The company behaviour and activities is also mapped with MSCI's ESG data/ratings to assess what changes have occurred within the company. A check point (discussion) on each individual engagement is also held at quarterly meetings, where company engagement is the re-occurring agenda item.

☐ 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); operations in weak states
- 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 5 collaborative engagement programmes. These are:

1. UNPRI's clearinghouse engagements
2. CDP
3. A peer fund initiative led by the AP Funds
4. Our Resource sharing agreement with the CFIs
5. The Investor Group on Climate Change (IGCC) initiative

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
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**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 companies you engage with.

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]
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We do not use an external service provider

Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
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LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
-----------------	--

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	19
Collaborative engagements	181

LEA 11.2	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]
-----------------	---

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.3	Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]
-----------------	--

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

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 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
--	----------------------

58

55

	% Social only
--	---------------

42

	% Corporate Governance only
--	-----------------------------

0

	% Overlapping ESG issues
--	--------------------------

0

100%

	Collaborative engagements
--	---------------------------

	% Environmental only
--	----------------------

3

	% Social only
--	---------------

15

	% Corporate Governance only
--	-----------------------------

12

	% Overlapping ESG issues
--	--------------------------

70

100%

LEA 12.3	Additional information.
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We do not use a service provider for our engagements

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
----------	--

☉ We disclose it publicly

	please provide URL
--	--------------------

<http://www.nzsuperfund.co.nz/files/Annual%20Reports/NZSF%20Annual%20Report%202012-13.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 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
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**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]
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For International external managers, we instruct them on the policy they should use in implementing voting. 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 information to inform our decisions.

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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- ☒ Obtain confirmation that votes have been lodged:
- ☒ for a majority of votes
 - ☐ for a minority of votes
- ☐ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
----------	--

Investment Managers and ISS (our proxy voting provider) report to us on a detailed level on all votes casted and also have their own sophisticated audit systems.

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	<p>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.</p> <p> <input type="radio"/> Yes, in most cases <input checked="" type="radio"/> Sometimes, in the following cases: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> votes in selected markets <input type="checkbox"/> votes on certain issues (all markets) <input type="checkbox"/> votes for significant shareholdings (all markets) <input type="checkbox"/> other, explain </p> <p> <input type="radio"/> No <input type="radio"/> Not applicable as we and/or our service providers do not abstain or vote against management recommendations </p>
LEA 21.2	Additional information. [Optional]

We publish our policy on our website.

New Zealand Investment Managers engage with companies and provide feedback to us.

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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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%)
--	--------------------------------

	%
--	---

100

	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

☐ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
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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 proposals	<div> <div></div> <div>%</div> </div> <div>89</div>
Against (opposing) management proposals	<div> <div></div> <div>%</div> </div> <div>9</div>
Abstentions	<div> <div></div> <div>%</div> </div> <div>2</div>

100%

**LEA
23.3**

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

Voting rights are important to us in order to maintain oversight of directors, boards and company policies. We aim to use our voting rights to promote best practice corporate governance in the long-term interests of the Fund and to meet our obligations under our governing legislation. We exercise our voting rights globally across the Fund's segregated equity portfolio and report on our voting activities on a six-monthly basis.

The broad principles set out in the voting guidelines of our elected proxy voting agency Institutional Shareholder Services (ISS)[1] and our investment managers represent the essential elements of good governance. Such principles include transparency, board alignment with shareholder interests, remuneration, business ethics, and shareholder rights.

Our voting guidelines are based on global corporate governance principles[2], and for New Zealand, include consideration of codes adopted by the NZ Securities Commission, the ASX Corporate Governance Council, and other international agencies and investor policies. Our voting guidelines for New Zealand companies are available on the ISS website:
<http://www.issgovernance.com/files/2012ISSNZGuidelinesSummary.pdf>

Our Process

We direct our overseas investment managers[3] to vote on our behalf in line with the recommendations of their proxy voting agency or in line with their own governance voting policies.

For our New Zealand equity holdings, we consider the recommendations of both our proxy voting agency and our New Zealand investment managers to arrive at our final voting decision. We pay particular attention to items that may attract a vote against resolutions or ISS recommendations. We will generally vote as set out in our voting guidelines, but respond to specific issues on a case-by-case basis where special circumstances arise.

[1] ISS (acquired as part of Riskmetrics by MSCI in 2010) is the Guardians' proxy voting service provider (www.issgovernance.com).

[2] OECD Corporate Governance Principles and International Corporate Governance Network (ICGN) Guidelines

[3] With the exception of Capital Partners where we vote the shares in a similar process to our New Zealand managers.

☐ No, we do not track this information

LEA 24	Voluntary	Descriptive	PRI 2
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**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
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LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
-----------------	--

- ☒ We disclose it publicly

	provide URL
--	-------------

<http://www.nzsuperfund.co.nz/index.asp?pageID=2145857748>

LEA 26.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- ☒ Yes

LEA 26.3	Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.
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	Indicate how much of your voting record you disclose
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- ☐ All voting decisions
☐ Some voting decisions
☐ Only abstentions and opposing vote decisions
☒ Summary of votes only

	Indicate what level of explanation you provide
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- ☐ 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.
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- ☐ 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