



BOARD CHARTER
GUARDIANS OF NEW ZEALAND SUPERANNUATION
**FEBRUARY 2010 (as amended November 2021, April
2022, August 2022 and June 2023)**

TABLE OF CONTENTS

1	Introduction	3
2	Governance at the Guardians	3
3	Role of the Board	4
4	Structure of the Board	6
5	Matters relating to Board members	7
6	The committees of the Board	7
7	Integrity and ethical behaviour	7
8	Financial reporting	8
9	Transparency	9
10	Communications with stakeholders	9
11	Recognition and management of risk	9
12	Performance evaluation	10
13	Remuneration	10
14	Internal and external responsibility	11

SCHEDULES

Schedule 1: Audit Committee Terms of Reference

Schedule 2: Employee Policy and Remuneration Committee Terms of Reference

Schedule 3: Board Member Code of Conduct

GUARDIANS OF NEW ZEALAND SUPERANNUATION

BOARD CHARTER

1 Introduction

- 1.1 The Guardians of New Zealand Superannuation was established under the New Zealand Superannuation and Retirement Income Act 2001 (NZS Act) to manage and administer:
- the New Zealand Superannuation Fund (Super Fund) established under the NZS Act, and
 - the Venture Capital Fund (VC Fund) established under the Venture Capital Fund Act 2019 (VCF Act).
- 1.2 The Guardians must invest the Super Fund on a prudent, commercial basis and in doing so must manage and administer the Super Fund in a manner consistent with:
- best-practice portfolio management; and
 - maximising return without undue risk to the Super Fund as a whole; and
 - avoiding prejudice to New Zealand's reputation as a responsible member of the world community.
- 1.3 The Guardians must invest the VC Fund in New Zealand's venture capital markets using best-practice investment management that is appropriate for institutional investment in those markets.
- 1.4 The Guardians is an Autonomous Crown Entity. As a Crown Entity it is subject to the Crown Entities Act 2004 (the CEA), which, amongst other things specifies certain conditions relating to Board members and statutory reporting.

2 Governance at the Guardians

- 2.1 Corporate governance at the Guardians comprises the principles, practices and processes that determine how the Guardians is directed and controlled.
- 2.2 The Board has responsibility for the affairs and activities of the Guardians. In practice the Board operates through delegation to the Chief Executive Officer and other executives who are charged with the day to day leadership and management of the Guardians.
- 2.3 The Chief Executive Officer also has responsibility to manage and oversee the interfaces between the Guardians and the public and to act as the principal representative of the Guardians.
- 2.4 The Board has adopted the governance parameters set out below as the cornerstone principles of its corporate governance charter. These cornerstone principles reflect the Corporate Governance Code of the NZX and the Financial Markets Authority's Corporate Governance Handbook, as applicable. The Board will continue to monitor developments in best practice for corporate governance internationally and will review this Charter to account for such developments.
- 2.5 The Board, through a set of formal policies and procedures comprising the corporate governance framework of the Guardians:
- establishes a clear framework for oversight and management of the Guardians' operations aligned to its purpose, vision, values and strategy and for defining the respective roles and responsibilities of the Board and management

- structures itself to add value and to be effective in discharging its responsibilities and duties
 - promotes ethical and responsible decision-making
 - encourages Board and management effectiveness
 - sets standards of behaviour expected of company personnel
 - ensures transparency
 - safeguards the integrity of the Guardians' financial reporting
 - recognises and manages risk
 - remunerates fairly and responsibly
 - recognises its obligations to all stakeholders.
- 2.6 Subject to its statutory obligations under the NZS Act, VCF Act and the CEA, this Charter is the principal specification of the governance framework within which the Guardians conducts its affairs. Together with the NZS Act, VCF Act and the CEA, the other supporting documents which combine together to comprise the Guardians' governance framework are:
- Audit Committee Terms of Reference (Schedule 1)
 - Employee Policy and Remuneration Committee Terms of Reference (Schedule 2)
 - A Statement of Investment Policies Standards and Procedures including Responsible Investment Framework for each of the Super Fund and VC Fund (the Funds)
 - Delegations Policy
 - Board Member Code of Conduct (Schedule 3)
 - Human Resources Policy (including the Employee Code of Conduct)
- 2.7 The Board Secretary is accountable to the Board for governance matters including the matters as set out in this Charter and its attached Schedules.

3 Role of the Board

- 3.1 The Guardians' Board is responsible for supervising the management of the Guardians and the investment of the Funds.
- 3.2 The Board establishes the Guardians' objectives, the major strategies for achieving those objectives, the overall policy framework within which the business of the Guardians is conducted, and monitors management's performance with respect to these matters.
- 3.3 The Board establishes the Reference Portfolio for the Super Fund (with the advice of management) and is responsible for ensuring that the assets of the Funds are maintained under effective stewardship.
- 3.4 The Board is also responsible for ensuring that the Guardians' assets (which are quite distinct from the assets of the Funds) are maintained under effective stewardship, that decision-making authorities within the Guardians are clearly defined, that all applicable laws are complied with, and that the Guardians is well-managed.
- 3.5 Specific responsibilities of the Board also include the following:
For the Guardians

- setting the tone for ethical behaviour and promoting a culture that is aligned with the Guardians' purpose, vision, values and strategy
- oversight of the Guardians, including its control and accountability procedures and systems
- appointment, performance, and removal of the Chief Executive Officer
- setting the remuneration of the Chief Executive Officer and approval of the performance related remuneration framework for staff
- approval of the corporate strategy and objectives (as expressed in the Guardians' strategic plan and Statement of Intent) and oversight of the adequacy of the Guardians' resources required to achieve the strategic objectives
- approval of and monitoring of actual results against the annual business plan and budget (including the capital expenditure plan)
- review and approval of the Guardians' systems of risk management (including setting risk appetite) and internal compliance and control, codes of conduct, and legal compliance
- review the prevailing risk culture in the Guardians and maintain oversight of relevant work streams and projects to bring about the desired risk culture

For the Super Fund

- approval and review of a Statement of Investment Policies, Standards and Procedures including a Responsible Investment Framework
- setting the risk and return profile and investment constraints for the portfolio
- approval and review of investment policies, beliefs and benchmarks
- appointment of master custodians.

For the VC Fund

- approval and review of a Statement of Investment Policies, Standards and Procedures including a Responsible Investment Framework

3.6 In relation to the Chief Executive Officer, the following roles are the responsibility of the Board:

- reviewing candidates to be appointed to the position of Chief Executive Officer
- reviewing and evaluating the Chief Executive Officer's performance against key performance objectives
- reviewing the key performance objectives relevant to the Chief Executive Officer's performance and remuneration for the following year
- reviewing the Chief Executive Officer's current remuneration and considering proposed changes to the remuneration and any other variation of the Chief Executive Officer's conditions and terms of employment, including any agreed or proposed termination payment.

3.7 The Board has appointed two standing committees, being:

- Audit Committee
- Employee Policy and Remuneration Committee

3.8 Each committee is authorised to deal with matters as set out in its committee terms of reference and/or falling within its intended mandate, on the following basis:

- make decisions (or submit recommendations for consideration by the Board) on matters for which decision-making authority has been delegated by the Board

- submit recommendations to the Board on matters for which decision-making authority has not been delegated by the Board.
- 3.9 The Board maintains a formal set of delegated authorities which clearly define the responsibilities that are delegated to management and those which are retained by the Board. These delegated authorities are approved by the Board and are subject to periodic review by the Board.

4 Structure of the Board

4.1 The structure of the Board is set out in the NZS Act. In short the NZS Act provides for:

- a Board of no less than five, and no more than seven, members
- Board members appointed by the Governor-General on the recommendation of the Minister of Finance who must draw candidates from a pool recommended by an independent Nominating Committee established under the NZS Act
- Board members to be chosen who have substantial skills, training and experience in the management of financial assets
- Board member terms of up to five years with eligibility to be reappointed for further terms
- the Chairperson and Deputy Chairperson to be assigned by the Minister of Finance. If no Deputy Chairperson has been assigned by the Minister, the Board may appoint a temporary Deputy Chairperson.

4.2 The responsibilities of the Chairperson include:

- providing leadership to the Board and to the Guardians
- ensuring the efficient organisation and conduct of the Board
- periodically monitoring Board performance
- facilitating Board discussions to ensure core issues facing the Guardians are addressed
- briefing all Board members in relation to issues arising at Board meetings
- facilitating the effective contribution and ongoing development of all Board members
- promoting consultative and respectful relations between Board members and between the Board and management
- primary responsibility for the relationship with the Chief Executive (including representing the Board in formal evaluations of the Chief Executive's performance and in any discussions with the Public Services Commission in respect to Chief Executive employment terms and conditions).
- determining what steps (if any) are needed to manage a conflict of interest involving the CEO, and advising the Board of the steps taken.

4.3 Should the Chairperson be absent from a meeting, the Deputy Chairperson should act as Chairperson of the meeting. If both are not present, the members of the Board present at the meeting have authority to choose one of their members to chair that particular meeting.

4.4 Board members are expected to attend scheduled Board and committee meetings and to be available for non-scheduled meetings as may be required from time to time.

- 4.5 The Board meets at least six times per annum on a formal, scheduled basis and will meet on other occasions as may be required.
- 4.6 Board members will meet from time to time independently of the senior executives of the Guardians.

5 Matters relating to Board Members

- 5.1 Members will advise the Chairperson of the Board of all outside Board memberships or other appointments prior to taking up any such appointment.
- 5.2 The Guardians will sign a deed of indemnity in favour of each Board member and will provide directors and officers liability insurance cover for Board members and executives acting in good faith in the conduct of the Guardians' affairs.
- 5.3 The disclosure of existing interests is an ongoing responsibility of each Board member. Where conflicts of interest may arise (or where potential conflicts of interest may arise), Board members must formally advise the Guardians and Board Chairperson about any matter relating to that conflict (or potential conflict) of interest.
- 5.4 Board members are entitled to obtain independent professional advice (at the expense of the Guardians) on any matter relating to their responsibilities as a Board member or the Guardians' affairs provided they have previously notified the Board Chairperson of their intention to do so.

6 The Committees of the Board

- 6.1 The committees of the Board review and analyse policies and strategies, usually developed by management, which are within their terms of reference. The Board's committees examine proposals and, where appropriate, make recommendations to the Board. The committees do not take action or make decisions on behalf of the Board except where they have been specifically mandated to do so.
- 6.2 The Board has two standing committees, being the Audit Committee and the Employee Policy and Remuneration Committee. Each committee operates under a terms of reference as agreed by the Board. The Board appoints the chairperson of each committee.
- 6.3 Except where they are excluded from doing so due to conflicts of interest, all Board members are entitled to attend any standing committee meeting and Board members have access, via the Board portal, to the papers and are also provided with copies of the minutes of those meetings.
- 6.4 From time to time the Board creates specific sub-committees to deal with a particular matter or matters and/or to have certain decision-making authority as the Board may elect to delegate to that sub-committee.
- 6.5 The terms of reference of each committee are formally reviewed on a periodic basis. The terms of reference for each committee are attached to and form an integral part of this Charter.

7 Integrity and Ethical Behaviour

- 7.1 Members of the Board must at all times comply with the express terms and spirit of their statutory obligations to the Guardians including acting honestly and in good faith and in what they reasonably believe to be the best interests of the Guardians.

- 7.2 Members of the Board must ensure that information they hold about the Guardians is treated in strict confidence and that property of the Guardians (including information) is used solely in the best interests of the Guardians.
- 7.3 Board members and staff operate in compliance with the Codes of Conduct which set out the standards of appropriate ethical and professional conduct for members of the Board and employees. The Guardians' Board Member Code of Conduct is an integral component of this Charter.
- 7.4 As part of the employee Code of Conduct, the Guardians has adopted a policy for employees to report instances of suspected breaches of laws or wrongdoing by the Guardians and/or any of its employees or Board members without fear of adverse consequences and for such reporting to be properly investigated.
- 7.5 The Guardians' Codes of Conduct for Board members and employees incorporate procedures in respect of the management of conflicts of interest and securities trading.
- 7.6 The Board, through its committees and reporting structures, monitors compliance with the Guardians' regulatory obligations and internal policies and procedures.

8 Financial Reporting

- 8.1 The Board ensures that effective policies and procedures are in place to ensure the integrity of the Guardians' and each Fund's financial reporting.
- 8.2 The Board has established an Audit Committee. This committee comprises up to five Board members.
- 8.3 The Audit Committee is chaired by a Board member who is not also the Chairperson of the Board.
- 8.4 The Audit Committee has responsibility for oversight of the quality, reliability, and accuracy of the Guardians' and each Fund's internal and external financial statements, for the quality of the Guardians' and each Fund's external result presentations, for its internal control environment, and for its relationships with its internal and external auditors.
- 8.5 The Chief Executive Officer and the General Manager Strategy and Shared Services are required to state in writing to the Audit Committee that the Guardians' and each Fund's financial statements present a true and fair view, in all material respects, of the Guardians' and each Fund's financial condition and operational results and are in accordance with relevant accounting standards.
- 8.6 The Audit Committee has formal terms of reference setting out its role and responsibilities, authority, relationship with the Board, reporting requirements, composition, structure and membership requirements. The Board will, on a periodic basis, review the performance of the committee in accordance with its terms of reference.
- 8.7 The Audit Committee (and the Board) undertakes sufficient inquiry of the Guardians' management and the Guardians' internal and external auditors in order to enable it to be satisfied as to the validity and accuracy of the Guardians' financial reporting for itself and the Funds.
- 8.8 The Audit Committee meets with the internal and external auditors independently of management as often as is appropriate, but not less than twice per annum for the external auditors and once for the internal auditors. The Guardians' Head of Internal Audit has a direct reporting line to the Chairperson of the Audit Committee.

- 8.9 The Audit Committee oversees the independence of the Guardians' internal and external auditors and monitors the scope and quantum of work undertaken and fees paid to the auditors for other than audit work.
- 8.10 The Guardians discloses information regarding the key functions and responsibilities of its Audit Committee in its annual report and on its website.

9 Transparency

- 9.1 The Guardians communicates the financial and key operational performance results for itself and each of the Funds (taking into account the size and complexity of the relevant Fund) in a clear, effective, balanced, and timely manner to its stakeholders and other interested parties, and such information is accessible on the Guardians' website.
- 9.2 The combination of the Guardians' Statement of Intent, annual Statement of Performance Expectations and subsequent Annual Report is intended to enable stakeholders and other interested parties to achieve a sound understanding of the Guardians' performance during any financial year and to achieve an understanding of the key elements of the Guardians' organisational strategy and investment strategy for each of the Funds.
- 9.3 The Guardians publishes the performance of the Super Fund on its website on a monthly basis. It also publishes a full listing of listed equity securities and of debt securities held by the Super Fund as at each financial year end.
- 9.4 The Guardians publishes the names of investment managers appointed to manage parts of the Super Fund and VC Fund, and the nature of the mandate given to them, on its website.
- 9.5 The Guardians maintains internal policies and procedures and monitors compliance with those policies and procedures in order to protect the confidentiality of its commercially sensitive information. The Guardians also fully understands its obligations under the Official Information Act.

10 Communications with Stakeholders: Meetings and Information

- 10.1 In addition to the extensive disclosure of information on its website, the Guardians provides a detailed, confidential quarterly report to the Minister of Finance.
- 10.2 The Board Chairperson and the Chief Executive Officer meet with the Minister of Finance as often as required and no less often than annually.
- 10.3 The Guardians reports to Parliamentary Select Committees as required with a minimum of the Board Chairperson and Chief Executive Officer attending the Committee hearings to present.

11 Recognition and Management of Risk

- 11.1 The Guardians maintains a programme for the identification, assessment, monitoring and management of risk to the Guardians' business and to the Funds. Investment and enterprise risk is approved and overseen by the Board. The risk appetite, operational risk management programme and legislative risk is approved and overseen by the Board.

- 11.2 The Guardians maintains an up to date risk profile for each of its key activities and ensures that business continuity/disaster recovery plans are in place and are well understood throughout the Guardians.
- 11.3 The Chief Executive Officer and the General Manager Strategy and Shared Services are required to state in writing to the Audit Committee that the statement they give to the committee in respect of the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the Guardians' risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.
- 11.4 The Guardians maintains business continuity, material damage and liability insurance covers to ensure that the organisation is well-protected from adverse circumstances.

12 Performance Evaluation

- 12.1 The Board undertakes a periodic review of Board and Board member performance.
- 12.2 The Board reviews the performance of each committee on a periodic basis.
- 12.3 A formal induction procedure provides new Board members with detailed information about the Guardians and the Funds and:
- Reference Portfolio of the Super Fund,
 - the investment policies with respect to the Funds,
 - the Guardians' financial, strategic, operational, regulatory/legislative and risk management position,
 - the Guardians' main policies and procedures,
 - the duties, rights and responsibilities of Board members, and
 - the role of the Board and its committees.
- 12.4 Board members are expected to maintain an up to date knowledge of the Guardians' operations and the general investment environment within which each Fund is invested.
- 12.5 All Board members have access to the Board Secretary on matters relating to the conduct of the Guardians' affairs, the corporate governance of the Guardians, and on any matter pertaining to this Charter.

13 Remuneration

Staff

- 13.1 The Guardians operates remuneration structures for employees which are sufficient and reasonable to attract and retain talented and motivated staff and which clearly define the relationship of remuneration to individual and Guardians performance.
- 13.2 The Board is supported by the Employee Policy and Remuneration Committee on matters relating to staffing and remuneration. The Employee Policy and Remuneration Committee comprises up to five members. The role and responsibilities, composition, structure and membership of the Employee Policy and Remuneration are set out in the committee's terms of reference which are reviewed/approved by the Board on a periodic basis. The Employee Policy and Remuneration Committee is chaired by a Board member who is not also the Chairperson of the Board.

Board Members

- 13.3 Remuneration for Board members is set by the Minister of Finance under guidelines established by the Cabinet for that purpose.
- 13.4 A Board member's expenses, reasonably incurred in carrying out their duties as a Board member, are paid for by the Guardians. The Board Chairperson authorises such expenses. The expenses of the Board Chairperson are authorised by the Chairperson of the Employee Policy and Remuneration Committee. The expenses of the Audit Committee Chairperson are authorised by the Board Chairperson. The expenses of the Employee Policy and Remuneration Committee Chairperson are authorised by the Audit Committee Chairperson.

Chief Executive Officer

- 13.5 The Chief Executive Officer is paid a salary plus performance-related remuneration as approved by the Board.

14 Internal and External Responsibility

- 14.1 The NZS Act, VCF Act and the CEA prescribe the duties and standards of the Guardians and the Board. To discharge these duties and meet these standards the Guardians adheres to the policies and procedures governing the Guardians including regular acknowledgement by employees of compliance with them.

SCHEDULES

Schedule 1: Audit Committee Terms of Reference

Schedule 2: Employee Policy and Remuneration Committee Terms of Reference

Schedule 3: Board Member Code of Conduct

Schedule 1

Guardians of New Zealand Superannuation Audit Committee Terms of Reference

1. Constitution

1.1 The Audit Committee ('Committee') shall be a committee of the Board of Guardians of New Zealand Superannuation ('Board') established by the Board.

2. Objective

2.1 The objective of the Committee is to:

- assist the Board to meet its financial reporting obligations;
- provide independent assurance on financial reporting and the Guardians' risk, control and compliance framework; and
- assist the Board to meet its obligation to understand enterprise risk (excluding investment risk) and how those risks are managed.

3. Authority

3.1 The Committee is authorised by the Board to investigate any activity within its the scope of its objective and responsibilities and to:

- obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of any employee at Committee meetings. The Head of Internal Audit will attend Committee meetings unless requested by the Chairperson not to attend;
- meet with the external advisers or the Head of Internal Audit without management being present;
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Guardians' expense; and
- approve the internal audit plan and the terms of the Internal Audit Charter.

3.2 The Chairperson of the Audit Committee is authorised to sign the annual attestation letter required under the Guardians' Co-operative Compliance Agreement with Inland Revenue.

4. Membership

4.1 The Committee consists of at least three but no more than five members of the Board. The Chairperson of the Board is not to be the Chairperson of the Committee.

4.2 Members will be approved by the Board. Should the Chairperson of the Committee be absent from a meeting or for part of a meeting, the Committee may select another Committee member to act as Chairperson for that meeting or part of the meeting.

5. Meetings and Administration

- 5.1 The Committee shall meet at least four times a year.
- 5.2 Meetings may be conducted by teleconference, videoconference or in person.
- 5.3 Any Committee member may call a meeting of the Committee, and the external auditors, the Chief Executive or the Head of Internal Audit may also request the Chairperson to call a meeting.
- 5.4 A Committee Calendar, including dates and agenda items, will be agreed by the Committee each year.
- 5.5 A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy to all Board members). This would normally be a week prior to the date of the meeting but may be a shorter timeframe with the agreement of the Chairperson. The notice for members will include relevant papers for the agenda items to be discussed.
- 5.6 Minutes of the Committee shall be included in the papers for the next regular scheduled Board meeting.
- 5.7 The Committee shall meet with the external auditor on at least two occasions each financial year.
- 5.8 A quorum of the Committee shall be three members.
- 5.9 All members of the Board shall be entitled to attend meetings of the Committee. The Committee may have in attendance such members of management and such other persons as it considers necessary to provide appropriate information and explanations.
- 5.10 The Board Secretary or, in the Board Secretary's absence, the General Manager Strategy and Shared Services or General Counsel or member of the Legal team nominated by the General Counsel shall be secretary to the Committee.

6. Conflicts of Interest

- 6.1 The rules governing the management of conflicts of interest in the Board Code of Conduct will apply to the Committee.

7. Responsibilities

- 7.1 The Committee's responsibilities are to:

Financial statements

- Oversee the integrity of the financial statements preparation, including compliance with the law¹, applicable accounting standards and generally accepted accounting practice;
- Review all significant accounting policy changes;
- Review all statutory financial reports (including budgets in the Statement of Performance Expectations) and statements provided to the Crown and recommend acceptance to the Board;

¹ These requirements are set out in Attachment A to the Terms of Reference.

- Review the systems of internal financial control and satisfy itself that financial statements are supported by appropriate management signoff on the adequacy of those systems;
- Ensure that arrangements are in place by which employees may, in confidence raise concerns about possible improprieties in matters of financial reporting

Audit

- Review, and provide recommendations to the Board, on the terms of engagement of the external auditor and the forms of representation letter given to the external auditor;
- Review auditor's reports (internal and external) and provide advice to the Board on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;
- Review the external audit plan, evaluate the adequacy of coverage and effectiveness of the audit and ensure no management restrictions are placed on the auditors;
- Approve and monitor internal audit scope, practices and projects and assess the adequacy of coverage and effectiveness of the internal audit function;
- Oversee the co-ordination of audit programmes with other reviews;
- Monitor management's implementation of the internal auditor's recommendations;
- Review the Internal Audit Charter to ensure that appropriate organisational structures, authority, access and reporting arrangements are in place;
- Review the internal audit function's performance against the internal audit plan and Internal Audit Charter

Compliance as applicable to the Responsibilities of the Committee in respect of the external audit

- Review in the context of the requirements of the external audit the effectiveness of the system for monitoring compliance with relevant laws, regulations and policies (including tax compliance); and
- Determine in the context of the requirements of the external audit whether management has appropriately considered legal and compliance risks as part of the Guardians' risk assessment and management arrangements.

Enterprise risk (excluding investment risk)

- Review how enterprise risk (excluding investment risk) is identified, prioritised and managed;
- Review how emerging enterprise risk (excluding investment risk) is identified, prioritised and managed.

Head of Internal Audit

- 7.2 The Chairperson of the Audit Committee and the Chief Executive will jointly agree on the appointment and the performance (including related payments) of the Head of Internal Audit;
- 7.3 The Chairperson of the Audit Committee is to be consulted on any disciplinary action against the Head of Internal Audit and in doing so assure himself or herself that the independence of the internal audit function is safeguarded. In the case of dismissal of Head of Internal Audit, this must be approved by the Chairperson of the Audit Committee.

8. Reporting to the Committee

- 8.1 The Committee must be provided with a status report for all recommendations provided by the internal and statutory auditors for which it is agreed action is required. These reports should include the officers accountable and implementation dates.

9. Reporting significant events to the Chairperson of the Board

- 9.1 The Chairperson of the Committee must bring to the attention of the Chairperson of the Board any matter of significant concern arising from the performance of any of its responsibilities immediately such concerns arise.

10. Reporting to the Board

- 10.1 The Chairperson of the Committee will update the Board about Committee activities and recommendations. The minutes of each Committee meeting (draft or finalised as the case may be) will be provided to the next regular Board meeting after the Committee meeting.

11. Review of the Committee and the Terms of Reference

- 11.1 The Chairperson of the Committee, in consultation with the Chairperson of the Board, will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chairperson of the Board) with appropriate input sought from the Chief Executive, internal and external auditors, appropriate management, and any other relevant stakeholders.
- 11.2 The Committee shall review these Terms of Reference biennially. Any changes to the Terms of Reference shall be approved by the Board.

Approved by the Board on 22 June 2023

Catherine Drayton
Chairperson of the Board

Attachment A - Accountability requirements under New Zealand Superannuation and Retirement Income Act 2001 (NZS Act) and Venture Capital Fund Act 2019 (VCF Act)

1. Under section 65 of the NZS Act Guardians must prepare a statement of performance expectations each financial year under Part 4 of the Crown Entities Act 2004 (the CE Act). The statement must include the Board's expectations about the Super Fund's performance over the next financial year, the key risks to the performance and actions to manage those risks; and forecast financial statements of the Super Fund and accounting policies.
2. Under section 66 of the NZS Act (for the Super Fund) and section 39 of the VCF Act (for the VC Fund) Guardians must prepare financial statements for the Super Fund and the VC Fund for each financial year and these annual financial statements must be prepared in accordance with generally accepted accounting practice (as defined in section 8 of the *Financial Reporting Act 2013*) as if the relevant Fund were a reporting entity.
3. Under section 67 of the NZS Act (for the Super Fund) and section 40 of the VCF Act the relevant Fund is to be treated as if it were a public entity defined in section 4 of the *Public Audit Act 2001* and, in accordance with that Act, the Auditor General is the auditor of the Fund.
4. Under section 68 of the NZS Act (for the Super Fund) and section 40 of the VCF Act (for the VC Fund) the annual report of the Guardians prepared each financial year under Part 4 of the CE Act must include the Guardians own financial statements (with a statement of responsibility signed by 2 Board members) and the following:
 - (a) The financial statements of the Super Fund for the financial year prepared under section 66 of the NZS Act and the financial statements of the VC Fund for the financial year prepared under section 39 of the VCF Act; and
 - (b) A statement of responsibility for the financial statements of the Fund and the VC Fund signed by the chairperson of the Board and the Chief Executive of the Guardians, and comprising the same statements that are required by section 155 of the CE Act as if the Fund were a Crown entity; and
 - (c) The audit report on the financial statements; and
 - (d) An analysis and explanation of the performance of the Super Fund and the VC Fund over that financial year, including for the Super Fund a comparison with the Guardians' expectations about the performance of the Fund that were set out in the statement of performance expectations to that financial year; and
 - (e) A statement of the investment policies, standards and procedures for each of the Super Fund and VC Fund established by the Guardians under section 60 of the NZS Act and section 27 of the VCF Act; and
 - (f) A statement signed by the Chairperson of the Board and the Chief Executive of the Guardians certifying whether or not the investment policies and standards and procedures for the Super Fund and VCF Fund have been complied with throughout the year; and
 - (g) A schedule of the investment managers and custodians used by the Guardians in relation to the Super Fund and the VC Fund during the financial year and the classes of investments for which each was responsible.
5. Under section 41(2) of the VCF Act, if the Guardians' statement of performance expectations for a financial year sets out the Guardians' expectations about the performance of the VC Fund, the information under 4(d) must include a comparison of the performance of the VC Fund with those expectations.

6. Under section 69 of the NZS Act (for the Super Fund) and section 42 of the VCF Act (for the VC Fund) the Guardians must report to the Minister such information that the Minister may require on the relevant Fund at intervals that the Minister may require.
7. Under section 139 of the CE Act the Guardians must prepare a statement of intent once every three years. Under section 141 of the CE Act, the statement of intent must be signed on behalf of the Board by 2 members and set out:
 - (a) the strategic objectives the Guardians intends to achieve or contribute to for the period and explain how the Guardians proposes to assess its strategic performance,
 - (b) explain the nature and scope of the Guardians' functions and intended operations and how they will be managed,
 - (c) explain how the Guardians proposes to manage its organisational health and capability, and
 - (d) identify and explain any other information that is reasonably necessary to achieve an understanding of the Crown entity's strategic intentions and capability.
8. Under section 156 of the CE Act, the Auditor-General is the auditor of the Guardians and any subsidiary of the Guardians.

Schedule 2

Guardians of New Zealand Superannuation Board Committee - Employee Policy and Remuneration Committee ('Committee') Terms of Reference

1. Constitution

- 1.1 The Committee shall be a committee of the Board of Guardians of New Zealand Superannuation ('Board') established by the Board.

2. Objective

- 2.1 While the ultimate responsibility rests with the Board, the objective of the Committee is to assist the Board and make recommendations to it on matters relating to (a) the CEO employment relationship and (b) people and remuneration policies and strategies.

3. General scope and authority

- 3.1 The Committee only has authority to make decisions on matters for which decision-making authority has been delegated by the Board.
- 3.2 The Committee is authorised by the Board to consider and assess any matters within the scope of its objective and responsibilities and to make recommendations to the Board on those matters.
- 3.3 The Committee is authorised by the Board to obtain outside legal or other independent professional advice if it considers it necessary.

4. Membership

- 4.1 The Committee consists of at least three but no more than five members of the Board.
- 4.2 Members will be proposed by the Chairperson of the Board and approved by the Board. Should the Chairperson of the Committee be absent from a meeting or for part of a meeting, the Committee may select another Committee member to act as Chairperson for that meeting or part of the meeting.

5. Meetings and administration

- 5.1 The Committee shall meet as frequently as required but not less than four times a year. Meetings may be conducted by teleconference.
- 5.2 Any Committee member may call a meeting of the Committee.
- 5.3 A notice of each meeting confirming the date time and venue and agenda shall be forwarded to each member of the Committee (with a copy to all Board members) in the week prior to the meeting. The notice for members will include relevant papers for the agenda items to be discussed.
- 5.4 Minutes of the Committee shall be included in the papers for the next full Board meeting.

- 5.5 A quorum of the Committee shall be two members.
- 5.6 All members of the Board shall be entitled to attend meetings of the Committee.
- 5.7 The Board Secretary or, in the Board Secretary's absence, the General Manager Human Resources, General Manager Strategy and Shared Services or the Head of Human Resources shall be secretary to the Committee.

6. Conflicts of Interest

- 6.1 The rules governing the management of conflicts of interest in the Board Code of Conduct will apply to the Committee.

7. Responsibilities

- 7.1 While the ultimate responsibility rests with the Board, the Committee has responsibility for:

Chief Executive

- Making recommendations to the Board on the role description, selection process, and terms of employment and remuneration, for the CEO, and ensuring that any applicable statutory requirements relating to the terms of employment of the CEO are met;
- Reviewing the CEO's performance against performance objectives and reporting its conclusions to the Board;
- Ensuring that satisfactory succession planning for the CEO is in place;
- Discussing options to improve and enhance the CEO's performance with the CEO.

The Committee will work in conjunction with the Board Chair in relation to these responsibilities, recognising that the Board Chair has primary responsibility for the relationship with the Chief Executive.

Terms of employment

- Oversight of the standard terms and conditions of employment for employees;

Policies

- Ensuring that appropriate people and remuneration policies are established and maintained, consistent with statutory obligations and the organisation's purpose, vision, strategic goals, risk appetite and values;

Workplace

- Oversight of strategies and initiatives to create and promote the desired workplace culture and environment, including meeting diversity, equity and inclusiveness objectives;

Talent management and succession planning

- Oversight of strategies and initiatives for attracting, retaining and developing quality employees;
- Oversight of succession planning for business critical roles;

Leadership

- Reviewing, and making recommendations to the Board on, the achievement of annual strategic activities for the Leadership Team;
- Discussing with, and providing advice and guidance to, the CEO on the employment and development of senior staff;

Remuneration

- Monitoring market trends in remuneration and reviewing applicable remuneration benchmarking data;
- Oversight over the remuneration structure for employees (including benefit entitlements and the discretionary bonus programme) and, as required, making recommendations to the Board on the remuneration structure;

General

- Advising on any other matters referred to the Committee by the Board.

8. Access to information

- 8.1 The Committee is authorised to have access to such information as it considers necessary to discharge its responsibilities and meet its objective.

9. Reporting to the Board

- 9.1 The Chairperson of the Committee will update the Board about Committee activities and recommendations. The minutes of each Committee meeting (draft or finalised as the case may be) will be provided to the next regular Board meeting after the Committee meeting (or, if the next regular Board meeting is in the same month as the Committee meeting, the following regular Board meeting).

10. Review of the Committee and the Terms of Reference

- 10.1 The Chairperson of the Committee, in consultation with the Chairperson of the Board, will initiate a review of its performance at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chairperson of the Board) with appropriate input sought from the Chief Executive Officer, the General Manager Human Resources and any other person the Board considers appropriate.
- 10.2 The Committee shall review its terms of reference biennially. Any changes to the terms of reference shall be approved by the Board.

Approved by the Board on 22 June 2023

Catherine Drayton
Chairperson of the Board