Sustainable Investment Policy

Te Kaupapahere Haumi Toitū

This policy sets out our approach to sustainable investment and includes policies for avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

GUARDIANS OF OUR FUTURE

Policy Owner: Co-Chief Investment Officers

Date: 5 August 2026

1. Purpose and Scope

1.1 This document sets out our approach to sustainable investment and includes policies for avoiding prejudice to New Zealand's reputation as a responsible member of the world community. Sustainable investment encompasses ethical investment and includes the integration of ESG considerations into our investment and ownership activities.

1.2 This policy is part of the Guardians' suite of investment policies, standards and procedures established under section 60 of the New Zealand Superannuation and Retirement Income Act 2001 (**Act**) that are designed to meet the legislative requirement (our statutory mandate or mandate) that the Fund be invested on a prudent, commercial basis and managed and administered in a manner consistent with best practice portfolio management; maximising return without undue risk to the **Fund** as a whole; and avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

1.3 This policy covers:

1.3.1 ethical investment, including policies and standards (and contemplates procedures) for avoiding prejudice to New Zealand's reputation as a responsible member of the world community under section 61(d) of the Act; and

1.3.2 the retention, exercise and delegation of voting rights acquired through investments under section 61(i) of the Act.

2. Definitions

2.1 To aid with interpretation of this policy we have a *Glossary of Terms*, which defines all investment and technical terms used in our policies and procedures. In this policy the first instance of any such defined term is highlighted in **bold**. References to other documents are *italicised*.

2.2 When we refer to "we" / "our" / "us" in this Policy we mean the Guardians of New Zealand Superannuation.

3. Guiding Principles

3.1 The following principles underpin this policy and must be considered in its application:

Statutory mandate

3.2 The activities under this policy will be undertaken in a manner consistent with our statutory mandate.

3.3 Part of our statutory mandate is a requirement to manage and administer the Fund in a manner consistent with avoiding prejudice to New Zealand's reputation as a responsible member of the world community. This is addressed through the overall design and operation of our policies and procedures, including this policy and the Sustainable Investment Procedures.

Organisational purpose

3.4 We have an organisational purpose – sustainable investment delivering strong returns for all New Zealanders.

Sustainable Investment Belief

3.5 One of the Fund's investment beliefs is that "sustainability considerations are fundamental to long-term risk and return".

Climate Change

3.6 We consider that climate change is a financially material investment risk and opportunity.

Sustainable Finance Goal

3.7 We have adopted a sustainable finance goal that the Guardians incorporates sustainability considerations into investment decision-making and supports the development of a sustainable financial system.

Principles for Responsible Investment

3.8 We have developed our policy and Sustainable Investment Procedures to align with United Nations-backed Principles for Responsible Investment (PRI) and having regard to the OECD's "responsible business conduct for institutional investors".

4. Policy

Principles for Responsible Investment

4.1 The PRI are our performance benchmark and are the globally-accepted best practice principles for sustainable investment.

4.2 As a founding PRI signatory we have adopted the PRI framework for our approach to sustainable investment and we are committed to the six PRI principles, which are:

1. **Incorporation**: We will incorporate ESG issues into investment analysis and decision-making processes.

2. **Active Ownership**: We will be active owners and incorporate ESG issues into our ownership policies and practices.

3. **Appropriate Disclosure:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.

4. **Promote Acceptance:** We will promote acceptance and implementation of the Principles within the investment industry.

5. **Work Together:** We will work together to enhance our effectiveness in implementing the Principles.

6. **Report Activities:** We will each report on our activities and progress towards implementing the Principles.

4.3 We consider that Principle 1 (Incorporation) and Principle 2 (Active Ownership) are the foundation of sustainable investment best practice and are supported by the other principles. In accordance with the PRI principles, we integrate (i.e. incorporate) ESG considerations into investment analysis, are active owners, encourage corporate disclosures, collaborate for change and report on our sustainable investing activities.

We benchmark against the UN-supported PRI

4.4 To provide assurance that our sustainable investment approach reflects international best practice:

4.4.1 The Board sets a target rating outcome for the Policy, Governance and Strategy pillars in the PRI assessment that it considers demonstrates international best practice for sustainable investment and we report it publicly as part of our Statement of Intent; and

4.4.2 We benchmark our effectiveness in implementing the PRI principles by reference to that target through an annual PRI assessment. This is a comprehensive assessment by PRI of a signatory’s sustainable investment practices based on the signatory’s reporting to PRI under its reporting framework.

Sustainable investment activities

4.5 **Integration**: We will integrate sustainability considerations into our investment decisions and decision-making processes, including:

4.5.1 allocation, selection and post-investment management; and

4.5.2 seeking investments that deliver positive social and environmental impacts, including climate change solutions, in addition to the expected risk-adjusted returns.

4.6 **Prioritising our sustainable investment activities**: We will prioritise certain ESG issues for focusing our sustainable investment activities given the scale of the Fund.

4.7 **Monitoring**: We will maintain procedures for monitoring our segregated listed securities portfolios for potential ESG concerns (including by reference to internationally accepted guidelines for good corporate practice) and for prioritising and analysing such concerns to inform further actions.

4.8 **Stewardship - Engagement**:

4.8.1 We will seek to improve poor ESG practices through engagement and voting and will maintain procedures to engage with companies.

4.8.2 We will reference internationally accepted guidelines for good corporate practice in our engagement programme, including the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

4.9 **Stewardship - Voting**:

4.9.1 We will maintain procedures for the retention, exercise and delegation of our voting rights with the intent of improving corporate practices and protecting our rights as shareholders.

4.9.2 We will exercise our voting rights globally and domestically across the Fund's listed equities.

4.9.3 We will maintain a global voting policy guided by international Corporate Governance Codes and guidelines. For New Zealand listed companies we endorse the *New Zealand Corporate Governance Guidelines* published by the New Zealand Corporate Governance Forum.

4.9.4 Where we participate in securities lending, we will retain the right to recall shares to vote and the right to withhold shares from lending, in order to exercise our voting rights on those securities, including to address ESG issues.

4.10 **Exclusions:**

4.10.1 We will maintain procedures for considering the exclusion of companies from investment by the Fund where they are involved in certain products/activities (product exclusions) or based on a company's poor ESG practices (practice exclusions). Product exclusions will require approval of the Board, on recommendation of the Co-Chief Investment Officers, following the endorsement of the **Investment Committee**.

4.10.2 We will exclude investment in the government bonds of any nation state where there is widespread condemnation or sanctions by the international community and New Zealand has imposed meaningful diplomatic, economic or military sanctions aimed at that government.

4.10.3 The Board may approve the divestment and exclusion of other categories of investments, on recommendation of the Co-Chief Investment Officers, following the endorsement of the Investment Committee.

4.11 **Class actions:** We will maintain procedures for evaluating whether to participate in class actions.

4.12 **Climate change:** We will maintain climate change investment activities for the Fund, with the objective of enhancing portfolio resilience and managing exposure to climate-related risks and opportunities. We will maintain and periodically update emission reduction targets to support this objective, reflecting evolving methodologies, data and market conditions, and to inform portfolio design, monitoring and investment decision-making. The emission reduction targets are in Schedule 4 of the *Portfolio Design Policy*.

5. Procedures and associated policies

5.1 Management is responsible for the development, maintenance and approval of procedures supporting this policy including those listed above. Changes to these procedures require Chief Executive Officer approval and must be subject to appropriate Management governance including oversight by the Co-Chief Investment Officers with recommendations as appropriate from the Investment Committee. Staff are guided in matters of the *Sustainable Investment Policy* by the *Sustainable Investment Procedures* that are available both on Supercharged and the website.

5.2 This policy should be read in conjunction with our other policies and in particular:

5.2.1 ***Portfolio Design Policy*****:** sets out the principles, governance requirements, investment constraints, and reporting framework for building and managing the Fund's portfolio, from the Board-approved **Reference Portfolio** reflecting the Board's investment risk budget through to gaining exposure to asset classes through **Passive Investment** and applying **Opportunities** and **Proxies**, to construct the **Actual Portfolio**; and

5.2.2 ***Investment Policy*****:** sets out the principles based on our **Total Portfolio Approach**, governance requirements and reporting frameworks we follow when making investments into Opportunities both managed externally and internally.

5.2.3 ***Communications and Engagement Policy*****:** sets out the principles the Guardians follow when undertaking internal and external communications and stakeholder engagement, and the reporting framework for those activities.

6. Reporting

6.1 The internal reporting framework for this policy is set out in Schedule 1.

6.2 Externally, we include sustainable investment performance measures in our *Statement of Intent*. We report against these measures in our *Annual Report*.

6.3 We make detailed disclosures about our sustainable investment activities in our public reporting on our external website and in our *Annual Report*, *Climate Change Report*, *Stewardship Report* and in engagements with our key stakeholders.

6.4 We release the results of our PRI assessment and the full *PRI transparency report* on our external website.

6.5 We disclose how we have voted the Fund's listed equities via a proxy voting dashboard on our external website.

7. Policy Approval and Review

7.1 This policy was reviewed and approved by the Board on 5 August 2026. In addition to the general annual policy, procedures and standards review undertaken, this policy will be reviewed every five years. The next five-year review will be in 2031.

8. Governance and Delegations

8.1 The *Delegations Policy* governs the delegation of authority for matters relevant to this policy.

8.2 **Investment Committee:** The Investment Committee receives reporting from the Sustainable Investment Team and recommends product (and any other category exclusions) and practice exclusion decisions to the Co-Chief Investment Officers.

Schedule 1: Reporting Framework

Report	Reporting frequency and to whom	Minimum information required by the Board
PRI Goal Achievement	To the Board annually	Achievement against the rating goal set by the Board under Section 4.4(a) for the Policy, Governance and Strategy sections in the PRI Assessment
Sustainable Finance Report	To the Board annually	Sustainable investment matters, including integration, monitoring engagement and exclusion
Policy breaches	All policy breaches are notified to the Investment Committee, Chief Executive Officer and Board Chair, as soon as practicable. The Investment Committee is also informed on any matters subsequently reported to the Board and the Audit & Risk Committee. If the Board Chair determines the breach to be material, reported immediately to the Board. Otherwise reported to the subsequent Audit & Risk Committee meeting.	Details of breach and remedial action taken.