

Independent limited assurance report in relation to the Guardians of New Zealand Superannuation's annual self-assessment of implementation of the Santiago Principles

To the management and board members of the Guardians of New Zealand Superannuation ('the Guardians'):

We have carried out a limited assurance engagement in order to evaluate whether anything has come to our attention that causes us to believe that the Guardians' annual self-assessment of implementation of Santiago Principles ("Self-assessment Report"), which documents the Guardians' adherence to the *Generally Accepted Principles and Practices for Sovereign Wealth Funds* ('the Santiago Principles') for the year ended 30 June 2018, has not been reported and presented fairly, in all material respects, in accordance with the criteria established in the Santiago Principles.

Subject matter

The subject matter of our limited assurance engagement is the Guardians' Self-assessment Report for the year ended 30 June 2018.

Criteria

The criteria for our assurance engagement are the Santiago Principles, an initiative of the International Forum of Sovereign Wealth Funds. These comprise 24 individual principles and further sub-principles including legal framework, institutional framework, governance, investment policies and risk management requirements.

The responsibility of management

Management of the Guardians is responsible for the preparation and presentation of the Self-assessment Report in accordance with the above criteria. Further, the Guardians' management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Self-assessment Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records, and making estimates that are reasonable in the circumstances. The Guardians are also responsible for the publication of the annual Self-assessment Report, whether in printed or electronic form.

Ernst & Young Limited's responsibilities

Ernst & Young Limited's ('Ernst & Young') responsibility is to express a limited assurance conclusion in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Review of Historical Financial Information* ('ISAE (NZ) 3000') issued by the External Reporting Board of New Zealand.

Basis of our statement

ISAE (NZ) 3000 requires that we comply with the professional and ethical standards issued by the External Reporting Board of New Zealand, and to plan and perform our engagement to provide limited assurance about whether anything has come to our attention that causes us to believe that the Guardians' Self-assessment Report has not been reported and presented fairly, in all material respects, in accordance with the Santiago Principles.

A limited assurance engagement includes making enquiries and performing analytical procedures and the nature, timing and extent is less than would be undertaken for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The procedures performed depend on our judgement including the risk of material misstatement of the Self-assessment Report, whether due to fraud or error. In developing our understanding of the subject matter we developed an understanding of management's internal controls over the preparation of the Self-assessment Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of Guardians' internal control over the preparation of the Self-assessment Report.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Work performed

Our limited assurance procedures included, but were not limited to:

- ▶ Gaining an understanding of the Guardians' business and approach to applying the Santiago Principles
- ▶ Performing a risk assessment, including considering internal controls relevant to the preparation of the Self-assessment Report against each principle of the Santiago Principles
- ▶ Interviewing management and information owners to obtain an understanding of the systems and the process used for the collation and retention of the subject matter to check that there was nothing that suggested the Santiago Principles have not been accurately applied
- ▶ Evaluating the reliability of the response to each principle through the review of systems, processes and information used to support the Self-assessment Report
- ▶ Collection and evaluation of documentary evidence
- ▶ Testing, on a sample basis, the accuracy and balance of statements within the Self-assessment Report

Specific Limitations

Our limited assurance procedures did not include testing relating to:

- ▶ Data sets, statements, information, systems or approaches relating to areas other than the statements included in the Self-assessment Report
- ▶ Management's forward looking statements
- ▶ Any comparisons made against historical data or disclosures

Our limited assurance engagement included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.

Restrictions on use of our report

This report has been prepared for the purpose of providing management and the directors of the Guardians with limited assurance on their annual self-assessment of their adherence to the Santiago Principles only. We disclaim any assumption of responsibility for any reliance on this assurance report or on the Guardians' Self-assessment Report, to which it relates, to any person other than management, directors and employees of the Guardians as detailed in our signed engagement letter, or for any purpose other than that for which it was prepared.

Any other party seeking to use this report does so at their own risk and we disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from, or relating to or if any way connected with the contents of our report, the provision of our report to the other party or the reliance on our report by the other party.

Ernst & Young's other relationships with the Guardians

Ernst & Young provides assurance services to the Guardians and the New Zealand Superannuation Fund on behalf of the Office of the Auditor General of New Zealand. We have no other relationships with, or interests in, the Guardians or the New Zealand Superannuation Fund. Ernst & Young applies Professional and Ethical Standard 3 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements (Amended)* and we have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *Code of Ethics for Assurance Practitioners (Revised)*.

Limited assurance conclusion

Based on the evidence obtained from the procedures we have performed, as described in this report, nothing has come to our attention that causes us to believe that the Guardians' Self-assessment Report for the year ended 30 June 2018 has not been reported and presented fairly, in all material respects, in accordance with the Santiago Principles.

Ernst & Young Limited



Graeme Bennett
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Auckland
19 September 2018