

PRI Reporting and Assessment survey 2011 Full Responses

Your organisation:

New Zealand Superannuation Fund

Organisational overview

This section determines which questions in the survey are relevant to your organisation. Your organisation's characteristics also play a role in determining your peer group for benchmarking. Therefore, please ensure you provide accurate answers.

You will be provided with an *Other* category in some questions, but please only use this option if the alternatives listed do not represent you in any way, as this may prevent you from having results comparable with peers.

You will not be able to continue the online survey until you have completed fully both this section and the 'Governance, policy and strategy' section. However, you can prepare your answers for the following sections by reviewing the full list of questions and explanatory notes on the [PRI extranet](#).

This section may require you to collect information from multiple sources. We strongly recommend you begin collecting this information as soon as possible and before commencing the survey.

This section of the survey is not scored.

Q 2 What category best describes your organisation?

Please select **one category** which best represents your **primary activity**.

Asset owners (AOs)

Reserve - sovereign or government controlled fund

Q 6 Please indicate the number of staff your organisation employs and select the level of complexity that best describes your organisation?

Approximate number of staff: 69

Level of complexity of organisation: Moderately complex

Q 7 What were your organisation's total assets under management as of 31 December 2010, including the assets of all your consolidated subsidiaries?

	billions	millions	thousands	units
Total AUM:	18	209	700	000
Currency:	New Zealand Dollar (NZD)			

Date of assets under management figure

	year	month	day
Date:	2010	December	31

The amount you indicated above is roughly equal to the amount calculated below in United States Dollars. Please confirm that this figure is approximately correct before proceeding. Exchange rates are from the International Monetary Fund.

Source: [IMF Exchange Rate archive, December 2010](#)

	billions	millions	thousands	units
Total AUM in USD:	13	568	683	789

Q 8 Please provide an approximation of your average asset mix for 2010 or your most recent count, in %.

(For asset classes you hold in insignificant amounts you may choose not to list them and will not be asked related questions. +/- 5% is sufficient; the sum of all the fields must be 100 %)

Asset class	Internal active	Internal passive	External active	External passive
Listed equity (developed markets)	%	39 %	13 %	6 %
Listed equity (emerging markets)	%	2 %	2 %	4 %
Fixed income - sovereign and other non-corporate issuers	%	%	%	%
Fixed income - corporate issuers	%	1 %	5 %	3 %
Private equity	%	%	1 %	%
Listed real estate or property	%	%	%	4 %
Non-listed real estate or property	%	%	8 %	%
Hedge funds	%	%	%	%
Commodities	%	%	%	0 %
Infrastructure	%	%	8 %	%
Cash	%	1 %	%	%
Other - please specify:				
Life Settlements 1%	%	%	3 %	%
Catastrophe Bonds 2%				

Please contact the PRI Secretariat at assessment@unpri.org before indicating that more than 10% of your assets fall into the 'Other' category. A response of 'Other' may render the benchmarking results less useful for you and your peers.

If you manage balanced or multi-asset class products with listed equity, fixed income and potentially other asset classes, the relative assets in these funds need to be separated out into the different asset classes.

Total (must add up to 100%): 100 %

Q 9 Please provide the following information based on your asset classes holdings:

(rough estimates of +/- 5% are fine; when negligible, please leave as zero)

B. What percentage of your assets invested in publicly listed companies are invested in companies where your organisation or external investment managers have significant control? Significant control implies that active ownership can influence change more so than proxy voting and engagement alone. 0 %

Q 10 What percentage of your externally managed assets are managed by PRI signatories? (+/- 5% is sufficient)

Percentage: 11 %

Governance, policy and strategy

This section is focused on the governance, policies and strategies guiding your organisation's approach to responsible investment (RI). 'Policy' in this section may refer to one overall RI policy or multiple policies that address various elements of RI or ESG issues. Some questions in this section are scored, while other questions are not scored but do determine the applicability of subsequent questions.

Please make sure you provide accurate answers. You will not be able to enter this section unless you have completed the "Organisational overview" section. **You will not be able to continue the survey until you have finalised this section.** However, if you wish to begin preparing your answers for the following sections, you may do so by reviewing the full list of questions and explanatory notes in the manual provided on the [PRI extranet](#). This section will be scored separately from the six Principles.

Q 11 Please provide a description of how your governance, policies and strategies address RI and ESG issues.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Like many institutional investors, we invest with a long-term focus. We recognise that environmental, social and governance (ESG) matters are long-term factors that can be highly relevant to investment performance.

Our RI Policy is part of our legally required Statement of Investment Policy, Standards and Procedures.

Our RI Policy is based on the UNPRI (6 Principles) and applies to all asset classes with more detailed procedures put in place as best practice standards are developed. We provide strong support for the development of best practice as founding members and active participants in the UNPRI. Our RI Governance as an organisation is integrated from Board level down through Executive Management and relevant internal committees and workplans. The Board and Executive Team receive six monthly RI reports, and RI is integrated in corporate strategic planning. We have a RI strategy which cross-fertilises into other organisational strategies such as investment strategy, portfolio completion and operational due diligence. All new mandates require RI sign-off. We monitor ESG issues across our portfolio, with voting and engagement managed in-house (with the assistance of some of our external managers, a proxy voting agency and external research providers). We direct our managers on exclusions and have required all new Private Markets advisors and Managers during 2010 to integrate ESG factors into their investment decisions and process.

Integration into public (listed) market manager agreements has included a review of RI capability during manager selection but integration of ESG into mandates has depended on the type of investment e.g. passive, active, quantitative, derivatives, pooled or segregated, and the availability of best practice guidelines.

Q 12 Do you have a policy or a set of policies that make specific reference to responsible investment, and if so, do they cover environmental, social, and governance issues?

Please select "Yes" or "No": Yes

If "Yes", which issue(s) does it cover? Environmental
Social
Governance

Q 13 For the following asset classes, to what extent has your policy or approach to responsible investment been incorporated into internal management processes (e.g. business planning, strategic planning, or similar)?

Extent that your approach has been incorporated into internal management processes

Please select:

"Large", "Moderate", "Small" or "Not at all"

Asset class	
Listed equity (developed markets)	Large
Listed equity (emerging markets)	Large
Fixed income - corporate issuers	Large
Private equity	Large
Listed real estate or property	Large
Non-listed real estate or property	Large
Infrastructure	Large

Q 14 Within your organisation:

- **What roles are present?**
- **Who has a clear responsibility related to responsible investment implementation? and**
- **Are there incentives and/or training on RI/ESG issues?**

	Roles present in your organisation	Responsibilities on RI/ESG	Incentives	Training
	Please check all that apply		Please choose among "Yes, for all", "Yes, for some" or "No"	
Board of trustees or board of directors and their committees	Yes	Yes	N/A	Yes, for some
Chief Executive Officer or Chief Investment Officer or equivalent	Yes	Yes	Yes, for all	Yes, for some
Other senior management	Yes	Yes	Yes, for all	Yes, for some
Portfolio managers				
Analysts	Yes	Yes	No	Yes, for some
Researchers				
RI or ESG specialist	Yes	Yes	Yes, for all	Yes, for all
Other - please specify: Operations Team	Yes	Yes	No	Yes, for some

Q 15 Select any of the following RI, ESG and/or SRI approaches that you or your external investment managers currently apply in the investment decision making process.

Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.

Please select all those that are relevant
(columns are visible based on your answer
to Q8 on asset classes breakdown)

	Internally managed	Externally managed
Exclusion based on ethical criteria	✓	✓
Screening as a way to avoid the potential negative publicity surrounding the companies/sectors in question as it may adversely reflect on you or your manager's brand/license to operate	✓	✓
Screening based on a belief that exclusion or inclusion of certain investments from your investment universe can have a material effect on portfolio performance	✓	✓
ESG analysis within individual investment decisions, possibly including these factors into valuation and investment performance models	✓	✓
Themed investing	✓	✓
None of the above (this reply excludes any of the above)		

Q 16 Please indicate which of the following thematic investment strategies your organisation employs?

Please select all that apply

Cleantech	
Microfinance	
Sustainable forestry	✓
Global health	
Water	
Other (1) - please specify: Positive Investment Policy	✓
Other (2) - please specify: Social Infrastructure	✓
Other (3) - please specify: Climate Change	✓
Other (4) - please specify: Emerging Markets	✓
Other (5) - please specify:	

Q 17 Please select any of the following active ownership activities that you, your external service providers or your external investment managers have undertaken in 2010 on behalf of your organisation?

Please note that this question helps determine which questions you will be asked in subsequent sections, so please carefully review the definition of each possible answer.

You may select any approach you or your external managers, service providers or partner entities adopt on your behalf

(Proxy) voting related to listed equity investments in the following asset classes: Listed equity (developed markets), listed equity (emerging markets), or listed real estate/property (including the votes on listed securities held in hedge funds).



File and/or co-file shareholder resolutions on listed companies.

Engagement on ESG issues with listed equity or fixed income issuers in the following asset classes: listed equity (developed markets), listed equity (emerging markets), listed real estate/property, listed securities held in hedge funds, or fixed income - corporate issuers.



Ownership and engagement activities focused on ESG issues related to investments in the following asset classes: Listed equities which permit a significant control, sovereign and other non-corporate fixed income, private equity, non listed real estate/property, hedge funds, infrastructure, or other.



None of the above (this reply excludes any of the above).

Q 18 Please add any overall comments and clarifications related to governance, policy and strategy here.

We have Government direction as part of our legislation to maximise returns without undue risk, using best-practice portfolio management and doing so without prejudice to New Zealand's reputation in the world community.

Our RI Policy applies to all asset classes and more detailed procedures are put in place as best practice standards are developed. We also have 2 beliefs, dedicated specifically to RI (as part of our overall investment beliefs). These are: 1. Responsible asset owners who exercise best-practice portfolio management should have concern for ESG matters of companies; and 2. Improving ESG factors can improve the long-term financial performance of a company.

We are active in a number of UNPRI working groups aimed at developing best practice (PE, Infrastructure, Property, Small-Funds Initiative, Climate Change, Conflict Zones Guidance) across asset classes and amongst peers. We monitor ESG issues across our own portfolio and as part of a group agreement with other NZ Crown Financial Institutions (CFIs). This involves a minimum of Quarterly meetings, shared research services, joint engagement, joint support for RI initiatives and prompting dialogue with managers and investee companies.

We encourage our managers to integrate ESG factors into their investment decisions (through RFIs, IMs, and we also carry out specific RI investor due diligence). We also include RI requirements in investment mandates. We require our managers to report at least annually on the progress of their RI policies and ESG integration.

Principle 1 - We will incorporate ESG issues into investment analysis and decision-making processes.

This section focuses on the integration of ESG considerations into the investment process. The questions are split into three sections. Only questions relevant to your organisation will be displayed, based on your responses to Q 8 (your investment management structure and asset class breakdown).

The three sections are:

- I. Internally and actively managed investments;
- II. Externally and actively managed investments; and
- III. Passively (both internally and externally) managed investments.

Some questions in this section are scored. Any question that is scored, but is not relevant to your organisation, based on your investment management structure and asset class breakdown or other responses, will not affect your overall score for Principle 1.

You do not need to complete Principle 1 questions before completing questions for other Principles. While completing this section you are free to navigate to any of the other sections of the survey without losing answers already completed.

Definitions

Please note that this section of the survey focuses on investment decision-making processes and how ESG issues are integrated in these processes. It does not address the integration of ESG issues in other parts of your organisation and/or activities, such as the running of offices (e.g. how you manage your own organisation's waste) or your organisation's collaboration with other investors on ESG issues.

ESG Integration, as addressed in this section of the survey, relates to the consideration of ESG issues alongside traditional financial measures, based on the belief that ESG issues can affect the performance (risk and/or return) of investment portfolios (to varying degrees across companies, sectors, regions, and asset classes and through time).

Integration is considered to be:

- screening based on the belief that exclusion or inclusion of certain investments in the investable universe can effect materially on the portfolio's financial performance; and/or
- ESG analysis within individual investment decisions based on the belief that such analysis can effect materially on the investment's financial performance.

Please note the view that ESG issues can influence investment returns based either on:

1. The premise that performance on these issues will eventually be reflected in financial and operational outcomes and that externalised costs in the future will be priced and have an impact on revenue growth, margins, etc.; or,
2. The premise that the way in which the market rates or prices the stock will be affected even in the absence of an impact on financial or operational performance.

Exclusion of stocks or sectors from portfolios or down-weighting them based on the possibility that an association with the stocks may adversely affect the owners profile or brand amongst stakeholders is **not** regarded as integration. Also, exclusion based on ethical considerations of sectors is not considered ESG integration. However, screening based on norms that are believed to be material in the investment process are included in the above definition of integration.

Q 19 Please provide a description of your organisation's approach to this Principle. For example, how do your organisation's investment analysis and decision-making processes incorporate ESG issues?

If your assets are managed both internally and externally, please describe how you address this in both portions of your assets. In addition, please describe any activities you may be doing to integrate ESG issues into the management of those investments that passively track indices (if you use this approach).

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

We have integrated ESG into our Request For Information template used in public and private manager selections. We also have a set of RI due diligence questions that are applied across all asset classes (as part of our standard due diligence processes).

Legal clauses requiring ESG Due Diligence, Management and Reporting have been included in Private Equity, Infrastructure, Property, Rural and Timber investment manager agreements (IMAs).

We are in the process of finalising a "RI Guidelines across all private market assets" for across the board approach to RI due diligence and wording for inclusion in IMAs. These are supplemented by guidelines developed also for Property, Private Equity, Forestry and Rural investments.

Integration into public (listed) markets (equity and fixed income) is primarily by internal and external analysis of the portfolio at total fund level against ESG standards. We may raise issues with managers as they are identified, including discussions about the material impact of significant ESG issues on the investment. All new investment mandates or managers require RI sign-off and RI requirements are included in IMAs. At present for our equity and fixed income managers this primarily means that we are able to exercise our RI voting, engagement or exclusion activities.

We have encouraged RI integration through an annual review of our manager's RI Policies and had subsequent meetings with managers. Some managers have been trialling integration of ESG factors into their quantitative investment styles but these have not become a formal part of their investment decision making.

We internally manage a passive NZX index tracking portfolio where we actively analyse and engage on voting and governance issues. We have applied exclusions to segregated externally managed portfolios.

Our other internally managed assets are primarily in the form of derivatives, cash instruments, FX and transition equities managed by our Treasury team. There is currently limited good practice examples available on how to integrate ESG considerations into these types of investments.

Q 22 What percentage, by asset class, of your organisation's assets under active management externally did you specify - contractually or via other agreement - that the consideration of RI/ESG issues be integrated into the investment decision-making processes of your external investment managers?

For these assets, what is the extent of integration you agreed upon and to what extent do you monitor such integration?

Please note that the percentages requested here are different from the data in Q8.

Asset class	Assets under active management externally (see example in notes) (+/- 5 per cent is sufficient)	Agreed RI/ESG integration Please select: "Large", "Moderate" or "Small"	Monitor Please select: "Large", "Moderate", "Small" or "Not at all"
Listed equity (developed markets)	100 %	Small	Moderate
Listed equity (emerging markets)	100 %	Small	Moderate
Fixed income - corporate issuers	100 %	Small	Moderate
Private equity	100 %	Large	Large
Non-listed real estate or property	100 %	Large	Large
Infrastructure	100 %	Large	Large

Q 23 When searching for and selecting external investment managers for your current portfolio, to what extent did your organisation consider the capabilities of external investment managers to consider RI/ESG issues?

	Please select: "Large", "Moderate", "Small" or "Not at all"
Please select:	Moderate

Q 24 Has your organisation directly, or via a mandate with an external manager, requested that any passive index tracking investments be managed relative to indexes that are constructed using relevant ESG issues?

	Please select: "Yes" or "No"
Please select:	No

Please add any other comments regarding how you are, or are not, addressing ESG issues in your passively managed investments.

Currently our segregated passive managers apply our exclusions and may vote on our behalf.

We have reviewed (as part of our annual RI review of managers) the approach of our passive managers in integrating ESG factors. In the past few years there has been a shift by our passive managers in trying to build/add extra quant factors in assessing how they best factor in ESG considerations as part of their investment analysis. As a result our work programme includes engaging with our passive managers to explore how they can be more active on RI integration. This may involve them monitoring and engaging with companies with poor ESG performance; or integrating some ESG issues more fully.

We may explore the potential for specialist RI Indices to meet our investment strategy requirements but have not done so to date.

Q 25 Please add any overall comments and clarifications related to Principle 1 here. Please also describe any significant activities relating to Principle 1 not already captured by your answers above.

RI signoff on execution documentation is required before the hiring of any manager.

We have integrated ESG into our Request For Information template used in public and private manager selections. However, the required level of ESG integration varies between asset classes.

All our active managers must comply with divestment and exclusion decisions and our requirement to avoid prejudice to NZ's reputation. All our equity managers have governance standards for voting. We have made annual assessments of our Investment Managers and their integration of ESG into their investment process. Whilst some of our active managers have RI Policies others have attempted or are trialling integration but this is not yet part of their investment decision making. We now have 11% of our Fund managed by UNPRI signatory managers compared to 5% the previous year.

Managers with purely quantitative investment strategies are finding it a challenge to find ESG data points with the robustness needed for their investment models. Our timber assets meet FSC standards in most cases. Since adopting Private Equity RI Guidelines we have integrated ESG into all new PE mandates. A number of our incumbent PE managers have joined the UNPRI and are now establishing their own programmes. Large infrastructure investments integrate ESG into due diligence and on-going governance of the asset including a shareholder agreement between co-investors. Our property managers have also begun to integrate ESG factors as part of their property development and ongoing monitoring. For all Property investments outside listed REITs during 2010 included ESG requirements in the investment and advisory agreement. Our property advisor (Franklin Templeton) has assisted us in establishing RI guidelines to integrate ESG criteria into property manager selection. Our PE advisor - Hamilton Lane joined up to the UNPRI in 2010.

We have dedicated efforts to raising awareness of climate change amongst our local fund managers. We have also established an internal climate change "think tank group". This consists of individuals from the following teams - Asset Allocation, Investments, Trading/Treasuring, Communications and RI. The groups role is to assess climate change risks and opportunities for the Fund. As a member of IGCC our organisation receives information and analysis related to the regulatory, market and physical impacts of climate change on investments.

As a member of IGCC our organisation receives information and analysis related to the regulatory, market and physical impacts of climate change on investments.

IGCC provides engagement, analysis, research and education services on the climate change risks and opportunities associated with listed equity, infrastructure, property and alternative clean technology investment.

IGCC operates the CDP in Australia and New Zealand on behalf of members and local CDP signatories. We participate in the monthly member meetings via video or teleconferencing.

Principle 2 - We will be active owners and incorporate ESG issues into our ownership policies and practices.

This section is focused on active ownership and is divided into three parts. You will see only those questions relevant to your organisation.

The first part addresses voting related to listed investments. The second part addresses non-voting engagement activities undertaken by your organisation or on your behalf by third parties with listed equity and corporate fixed income issuers. For the purpose of this survey, the term 'engagement' refers to non-voting contact with companies to discuss concerns regarding ESG issues. The third part addresses ownership and engagement practices for other asset classes such as sovereign and other non-corporate fixed income issuers, private equity, non-listed real estate/property, hedge funds, and infrastructure. This third section also covers any listed equities where investors have significant control (as defined in Q9, explanatory note [B]).

The third section is necessary to account for the differing levels of influence that investors may acquire when investing in other asset classes versus those of listed equities.

The contents and parts for this section of the survey are therefore:

1. Voting and engagement activities related to listed equity investments undertaken by:
 - A. internal staff;
 - B. external parties (e.g., service providers and external managers).
2. Engagement activities related to corporate fixed income issuers;
3. Ownership and engagement activities for sovereign and other non-corporate fixed income, private equity, non-listed real estate and property, hedge funds, and infrastructure, as well as listed equities when they represent significant control.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Please note that for this survey, proxy voting activities entail any casting of votes at AGMs and the filing or co-filing of resolutions. Engagement activities refer to all interactions with investee companies that are not related to voting activities. Engagement activities should seek to achieve relevant information and promote better ESG performance by companies. Such activities involve usually written communications, phone calls and meetings with management. For indirect investors in certain asset classes, such as private equity, infrastructure, and non-listed real estate, active ownership may not be possible with the underlying asset. Active ownership in this case should be viewed as engaging with third party managers to consider and interact on ESG issues with underlying holdings. Working with governments to modify laws, rules and regulations in favour of ESG issues should not be counted as engagement in this part of the survey and it will be addressed separately in Principle 4 and 5.

Q 26 Please provide a description of your organisation's approach to this Principle. For example, how is your organisation an active owner and how does it incorporate ESG issues in its ownership policies and practices?

Describe both your voting activities and any other engagement activities you undertake across the different asset classes you hold.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Principle 2 is integrated into our broader investment policy through our RI Policy which encourages active voting and engagement with companies on ESG issues. With regard to voting, our governing regulation requires us to have a policy on voting rights acquired through investment.

We also link P2 to the concept of universal ownership.

We aim to vote on all our international and domestic holdings. We believe this is still unusual for a fund of our size and shows leadership in this area. For Domestic voting we make the final voting decision based on analysis and recommendations from our fund managers and proxy voting agency. We delegate international voting to our proxy voting agency. We monitor our portfolio to identify ESG breaches of international standards by companies, in particular the UN Global Compact, in order to prioritise engagement with companies. We believe that such poor management of these issues can undermine the company's long-term value.

We co-ordinate and actively support the engagement programme for 3 other Crown Financial Institutions, share analysis on engagement issues to support engagement through the UNPRI or directly with companies. We inform our own organisation and Board of our engagement activities through an Engagement Table on our intranet and through our Board dashboard. Our ownership activities are integrated into corporate strategic and relevant employee performance objectives.

We led an engagement with a NZ company last year (GPG) on governance concerns and communciated the lessons of this with other investors and the CFIs. The engagement lead to a successful outcome.

Q 27 Do you have a (proxy) voting policy, and, if so, does it address environmental, social and governance (ESG) issues?

Do you have a voting policy? Yes

If Yes, please select all that apply: Environmental
Social
Governance

Q 28 For listed equities, please indicate the ratio of (proxy) votes cast, either directly or via third parties (such as an external service providers or external investment manager), against those you could have cast in 2010 for at least one of the following measures:

- by ballots item or resolution;
- by meetings (e.g. AGMs, EGMs, special);
- by listed assets under management.

	Please answer for at least one of these measures, if available please provide others as well			We do not track our listed equity voting activities
	Ballot items	Meetings	Listed assets	
Actually cast vs. all you could have cast	100 %	100 %	%	

Q 29 For listed equities, who makes voting decisions on behalf of your (or your client's) organisation? Please rank the importance of the different groups listed below based on the proportion of decisions made by that group.

Please note that subsequent questions will be asked specifically on the group that you list as most important and - if specified - of the second and third most important. Only the activities of the most important will be scored.

Please select from:
"Internal investment manager or other internal staff"
"Internal voting or governance group"
"External investment manager"
"External proxy voting service"
"External service provider" or
"Other third party voting support entity"

Most important:	External proxy voting service
Second most important:	Internal investment manager or other internal staff
Third most important:	External investment manager

Q 30 For those listed equity votes you cast:

- a. to what extent is information related to voting items gathered and analysed before voting decisions are made; and
- b. do you monitor whether voting is done in accordance with your voting instructions?

a. Information gathered and analysed

b. Monitor voting

Please select
"Large", "Moderate", "Small" or "Not at all"

Please select
"Yes, for all", "Yes, for some" or
"No, we make no effort to ensure"

Large

Yes, for all

Q 31 Do you pro-actively inform your listed equity companies of your rationale when you abstain or vote against management recommendations?

Please select one: Yes, for some

If "Yes", please indicate how this disclosure is communicated to companies.

If answering "No", please explain why.

This mostly done via our investment managers. Sometimes we inform the companies directly or via our reports. Our proxy voting agency also engages with companies on contentious issues where they might recommend a vote against. It also publishes its voting guidelines so that companies are clear about when a vote against is likely. We provide links to these policies via our Voting Report on our website.

Q 33 For listed equity votes that your external manager or service provider casts on your behalf, to what extent did you monitor that voting decisions were analysed and made in accordance with your (proxy) voting policy?

Please select
"Large", "Moderate", "Small" or "Not at all"

Please select one:

Large

Q 34 How does your listed equity securities lending programme address voting?

Please select one: We do not have a securities lending programme

Q 35 To what extent do you and/or your agents review shareholder resolutions put forward by other shareholders to determine whether or not to support the resolution?

Please select
 "Large", "Moderate", "Small", "Not at all" or
 "We do not vote on shareholder resolutions"

Voting - managed internally Large

Voting - managed externally Large

Q 37 Do you have a written engagement policy or other documents that direct engagement with listed equity and fixed income issuers; if so, do these policies address environmental, social and governance (ESG) issues?

Asset class	Engagement policy or other documents	Do they address E, S or G
	Please select "Yes" or "No"	Please select all that apply
Listed equities	Yes	Environmental Social Governance
Fixed income - corporate issuers	Yes	Environmental Social Governance

Q 38 Who engages with listed equity or fixed income issuers on behalf of your (or your client's) organisation? Please rank the importance of the different groups listed below based on the engagements undertaken by that group.

Please note that subsequent questions will be asked specifically on the groups that you list here. Only the activities of the most important will be scored (except for question 39 where all will be scored).

Please select from:
 "Internal staff"
 "External engagement service provider(s)"
 "External investment manager(s) "
 "Other external entity"

Most important: Internal staff

Second most important: External investment manager(s)

Third most important: Other external entity (specify below)

Fourth most important:

If "Other external entity" is selected, please list it here.

The other external entity includes - our RI Research and Voting Agency (MSCI Group) and the CDP and IGCC.

Through IGCC and the CDP, we engaged with investee companies in the ASX200 and NZX50 in relation to climate change risks and opportunities, strategy and management of climate change issues and greenhouse gas emissions data and reductions with the view to influencing the behaviour of the companies.

IGCC's engagement methods include communication in writing, telephone discussions or face-to-face meetings with company officers where necessary.

In partnership with IGCC, and PWC we also organised a CDP workshop - inviting NZX 50 companies and outlined the importance of climate change disclosure. We then sent follow up letters and had direct phone conversations with the companies - encouraging them to report on their emissions and climate change data. This lead to more NZ companies reporting to the CDP compared to previous years.

MSCI (our research provider) analysts engage with companies as well. Their objective is primarily for information and analysis (as part of their research process).

Q 39 In total, how many listed equity and fixed income issuers did your organisation engage with or were engaged with on your organisation's behalf on ESG issues in 2010, by level of engagement?

Please do not double count. Engagements that are listed in one column should not be repeated in another. Choose to list them where the highest level of effort is being applied. Consider both individual and collaborative engagements carried out during the year.

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Extensive engagement	92		1	0
Moderate engagement	178		5	5
Basic engagement	0		0	2406
We do not track these engagement activities				

Q 40 Approximately what proportion of the engagements with listed equity or fixed income issuers undertaken by your organisation or on your organisation's behalf addressed environmental, social or governance (ESG) issues?

(+/- 5% rounding is sufficient)

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Environmental	30 %	%	0 %	20 %
Social	30 %	%	0 %	0 %
Governance	20 %	%	100 %	100 %
We do not track these engagement activities				

Q 41 To what extent do you assess and monitor the ESG engagement competency and capabilities of the following groups?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Internal staff	Large
External investment manager(s)	Small
Other external entity	Large

Q 42 Given your (or your client's) engagement policy and/or approach to engagement, to what extent do you or do the third parties acting on your behalf, have a process for identifying and prioritising ESG related engagement opportunities?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Internal staff	Large
External investment manager(s)	Moderate
Other external entity	Large

Q 43 To what extent do you or your third party engagement providers or investment managers set ESG engagement objectives and evaluate engagement successes?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Internal staff	Large
External investment manager(s)	Moderate
Other external entity	Large

Q 44 To what extent do you or your external investment manager integrate the information gained from ESG engagements into the investment decision-making process?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Internal staff	Small
External investment manager(s)	Small

Q 45 When searching for and selecting investment managers for your current portfolio, did you consider the capabilities of external investment managers to engage with companies on ESG issues on your behalf?

Please select one: Yes, for less than half of our external investment managers

Q 46 What percentage of engagements with listed equity and fixed income issuers that ended in 2010 were deemed successful?

	Internal staff	External engagement service provider(s)	External investment manager(s)	Other external entity
Engagement success	80 %	%	80 %	80 %

What measures does your organisation or its external service provider(s) and or external manager use to assess the impact and success of engagement with listed equity and fixed income issuers, and how did you perform in 2010 based on those measures?

For all our engagements, we set an objective and a process and in most cases we followed the stages we set out to carrying the engagement successfully.

We are also using the tools provided by the UNPRI in moving towards more outcome based engagements for the future. These tools include guidance from the UNPRI on KPIs (template) for monitoring the success of an engagement.

For 2010 most of our efforts were focused on UNPRI co-ordinated/lead engagement initiatives, however we did carry out some indepth direct engagements with companies as well (within NZ and with global listed companies).

Furthermore, all Aus/NZ CDP responding companies can be considered to indicate successful ongoing engagement (134 in 2009) but particular focus should be given to the increased number of companies who answered the questionnaire (9 in 2009). The level of success might appear to be tempered by the fact that more companies submitted confidential responses in 2009 than in 2008 (25 more in Australia and 7 more in NZ), however we believe this is because companies are providing more detailed submissions and are working through issues of commercial sensitivity. Whilst the process of engagement was detailed and successfully carried out the low number of NZX50 companies reporting on carbon emissions has been disappointing. We aim to identify the barriers and adopt a new approach to this issue this year.

Our managers engaging on governance integrate this into their normal meeting schedules so success can be difficult to track - there is a particular focus on engagement with companies concerning AGM resolutions.

Within NZ, two of our managers are active on enagement mostly on governance issues (active at the company level).

Most of our other managers are not engaging directly at the company level, but are active on voting.

Q 47 Do you have an active ownership policy and/or strategy that addresses environmental, social and governance (ESG) issues for each of the following asset classes?

Asset class	Policy and/or strategies address
Private equity	Environmental Social Governance
Non-listed real estate and property	Environmental Social Governance
Infrastructure	Environmental Social Governance

Q 48 Per asset class, which role is most important in bringing forth active ownership activities on your behalf and, to what extent are ESG issues addressed by this role in these ownership activities?

Asset class	Select the most important: "Internal staff", "External engagement service provider(s)", "External investment manager(s)", "Other external entity" or "Nobody"	Please select the extent of active ownership activities: "Large", "Moderate" or "Small" for each of the categories selected
Private equity	External investment manager(s)	Large
Non-listed real estate/property	External investment manager(s)	Large
Infrastructure	External investment manager(s)	Large

Q 49 To what extent do you assess and monitor ESG active ownership competency and capabilities undertaken by the groups listed below in the following asset classes: Listed equities with significant control, fixed income, sovereign and other non-corporate issuers, private equity, non-listed real estate/property, hedge funds and infrastructure?

	Please select: "Large", "Moderate", "Small", "Not at all" or "Not applicable"
Internal staff	Large
External engagement service provider(s)	Not applicable
External investment manager(s)	Large
Other external entity	Large

Q 50 Please describe your organisation's , your external service providers or your external investment manager's approach to addressing ESG issues in active ownership in the following asset classes. Please include a description of the processes used to ensure ESG issues are addressed, any metrics used to gauge success, the sources of your expertise and specific examples.

Asset class	Please add your remarks
Private equity	Private Equity, now intergrated into contract eg, KKR and Direct Capital who also have integrated ESG into ownership activities. We request for these managers engage with companies on our behalf.
Non-listed real estate and property	Have 6 property managers and our Timber managers who also carry out some form of engagement during their post-investment processes on all factors relating to E, S and G.
Infrastructure	Extensive engagement by our Managers on Governance issues with underlying investments Extensive Engagement during post-investment by Infrastructure Managers on all major acquisitions. These managers are also generally represented on the Board.

Q 51 Please add any overall comments and clarifications related to Principle 2 here. Please also describe any significant activities relating to Principle 2 not already captured by your answers above.

We were a lead signatory to the UN Global Compact and CDP Initiative which accounts for the high number of companies counted as "Basic and moderate" engagement. Our NZ investment managers do engage with NZ companies on AGM resolutions, particularly where there may be a vote against management and present us with their voting recommendations. We have one Private Equity manager we can instruct to engage on our behalf. We don't place specific requirements on our other external managers to engage but do place a requirement on private equity managers to integrate ESG into their advisory or board roles with companies and report at least annually to us.

Through the CFI RI agreement, we have devised a thorough engagement process which allows us to prioritise engagement activities with companies - current priority areas include" severe environmental damage; human rights and bribery & corruption. This process also assist us to decide on which UNPRI collaborative engagements to participate in. We have successfully executed this process and are active on our direct and collaborative engagements. We engaged with companies a lot more in 2010 then in 2009.

We have also encouraged our passive managers to develop engagement processes and report to us on how they have enaged on our part of the portoflio. These managers report fully on voting already.

Principle 3 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 3 is about ensuring that information related to ESG issues is disclosed by companies and other entities in your organisation's investment universe. It is closely related to your activities on Principle 1 and Principle 2.

This section lists questions regarding:

- Who seeks ESG disclosure information for your organisation;
- The level of detail and content that is sought;
- The information you may be seeking regarding norms, standards, codes of conduct or international initiatives related to RI/ESG.

While completing this section you are free to move to other sections of the survey without losing work you have already done.

Q 52 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation seek appropriate disclosure on ESG issues by the entities in which it invests?

Note that this text - in addition to being part of the full survey - will also be part of the survey's *Executive Summary*. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

We have primarily used engagement and voting as a direct tool for encouraging better ESG disclosure from companies.

Indirectly, our ESG service providers constantly seek ESG information from companies and we are in touch with the provider in requesting further information where necessary.

A big focus for us during 2010 was on direct engagement with the NZX 50 companies to participate in the CDP, and globally for UN Global Compact participants to report against these principles. We were also part of the emerging market disclosure project as part of the UNPRI.

We participated in developing the ESG framework for the NZ Sustainable 60 Reporting awards to encourage large and small NZ companies to report.

We have engaged with mining companies (directly) to report using GRI. New requirements on our private equity, Property and Rural managers to integrate and report on ESG issues with regards investments should be an important catalyst in encouraging private companies of the value of ESG reporting. Voting actions have occasionally addressed disclosure issues.

Q 53 Who asked for and/or collected from your organisation's investee companies (or other investment entities) information about their ESG policies, practices or performance in 2010?

Please select all that apply

Internal staff	<input checked="" type="checkbox"/>
External investment manager(s)	<input checked="" type="checkbox"/>
External engagement service provider(s)	<input type="checkbox"/>
External research providers	<input checked="" type="checkbox"/>
Brokers / dealers	<input type="checkbox"/>
Other - please specify: IGCC via the CDP, Proxy voting agency	<input checked="" type="checkbox"/>

None of the above: Investee companies, or other investment entities, were not asked to provide information about their ESG policies, practices or performance in 2010 (please specify below why not)

If investee companies were not asked, please specify why.

Q 54 To what extent did you or your external agent(s) seek appropriate disclosure on ESG issues by the investees and, where necessary, encourage investee companies to produce standardised and/or systematic reporting about their ESG policies, practices or performance in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Asset class

Listed equity (developed markets)	Large
Listed equity (emerging markets)	Moderate
Fixed income - corporate issuers	Small
Private equity	Moderate
Listed real estate or property	Small
Non-listed real estate or property	Moderate
Infrastructure	Large

Q 55 In which format or mechanism have you or your third party agents requested reporting on ESG policies, practices or performance?

Reporting formats

Please select all that apply

Integrated with regular financial reports	<input checked="" type="checkbox"/>
Standalone corporate (social) responsibility or sustainability reports	<input checked="" type="checkbox"/>
Global Reporting Initiative (GRI)	<input checked="" type="checkbox"/>
Carbon Disclosure Project (CDP)	<input checked="" type="checkbox"/>
Global Framework for Climate Risk Disclosure	<input type="checkbox"/>
Communication on Progress (COP) by the United Nations Global Compact	<input checked="" type="checkbox"/>
Country-level company form of the Extractive Industries Transparency Initiative (EITI)	<input type="checkbox"/>
Submission of a tailored survey	<input type="checkbox"/>
Other reporting framework by an industry or association - please specify: NZ Sustainable 60 reporting awards framework	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

Q 56 To what extent did you or your third party agents seek information from companies regarding their practices related to norms, standards, codes of conduct or international initiatives/ declarations/ conventions related to ESG issues in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 57 Please add any overall comments and clarifications related to Principle 3 here. Please also describe any significant activities relating to Principle 3 that are not already captured by your answers above.

We have developed new procedures for applying our RI Policy to public and private equity managers through the IMAs. This has led to our managers encouraging better ESG disclosure from the entities in which they invest.

Our service provider MSCI requests ESG reporting from companies and analyses performance against UN Global Compact (based on international norms).

We held a CDP event in 2010, inviting the NZX50 companies, showing the benefits of carbon reporting and why investors are interested in their carbon disclosure. As a result there was an increase in reporting by these companies in 2010 compared to 2009. We also got a positive responses from many ASX 200 companies on their carbon disclosure.

As next steps, we are assessing how we prioritise activities to develop a clearer strategy in relation to ESG reporting for 2011/2012.

Principle 4 - We will promote acceptance and implementation of the Principles within the investment industry.

Principle 4 is about promoting the acceptance and implementation of the Principles for Responsible Investment (PRI) among your clients, service providers, partners, brokers/dealers and other investment industry players. In addition, it is about working with governments, regulators and international bodies to address and define approaches relating to ESG issues.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 58 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation promote the acceptance and implementation of the Principles within the investment industry?

Please describe how you support the incorporation of ESG factors in the investment industry via mandates, incentives, Request for Proposals (RfPs), policy discussions etc. Please, indicate how your organisation does this in relation to clients and/or beneficiaries, peers or other entities.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

We include the Principles as a key standard in our RI Policy, and our statutory reporting to the Government.

We have consistently and continue to raise awareness of the UNPRI in our communications including our Annual Report, website, conference speaking and media articles. We have developed our work programme based on the 6 principles.

We have worked with other investors, internal specialists, investment managers to promote the principles. We have asked our Public and Private Markets managers if they are signatories to, or are considering, joining the UNPRI. Compared to 2009, more of our investment managers are now signatories to the UNPRI. This has been prominent for our NZ managers especially.

Together with the other CFIS we have raised awareness of the UNPRI within New Zealand and Australian Government agencies. Our CEO regularly includes RI in his public presentations and our Senior staff have raised awareness of UNPRI with other Sovereign Wealth Funds at joint SWF forums.

Questions relating to the UNPRI , level of incorporation of ESG factors etc are included in our organisations standard RFP questionnaires for public and private market mandates as well as into manager IMAs. Due diligence on all new managers and new investments have included discussions and/or meetings where the PRI (principles) have been presented to raise awareness and increase alignment. We have presented at the NZ Annual Asset Allocation and Responsible Investment Association Australasia(RIAA) Conferences annually on RI and circulated relevant UNPRI information to local managers.

We are also active participants on the UNPRI PE Steering Group.

Q 59 Did you include RI/ESG considerations when working with service providers and/or external investment managers in 2010 (where applicable)?

Specifically when:

- a. searching for service providers or external managers;
- b. agreeing on service requirements;
- c. structuring incentive schemes.

Service providers or external managers	a. Searches	b. Agreements	c. Incentives	We do not work with this type of provider
	If you work with this type of service provider, please select "Yes, for all", "Yes, for some" or "No"			
Brokers / dealers	Yes, for some	No	No	
External engagement service provider				✓
Investment consultant	Yes, for all	Yes, for all	Yes, for some	
Investment research provider	Yes, for some	Yes, for some	Yes, for some	
Proxy voting service provider	Yes, for all	Yes, for all	Yes, for all	
External investment manager	Yes, for all	Yes, for all	Yes, for all	

Other - please specify:

Q 60 To what extent did you encourage peer organisations and/or your institutional clients and/or other investment industry players to consider RI/ESG issues in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

Q 61 Does your broker evaluation process (which determines how you allocate commissions to brokers) include an ESG component, and/or do you have a budget to pay for broker research on ESG issues?

Please select:
"Yes" or "No"

Please select: No

Q 62 To what extent do you identify ESG issues and suggest them to brokers or other investment research providers for research?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Moderate

Q 63 To what extent did you engage in dialogue, lobbying or initiatives pertaining to government policy and/or industry regulations related to RI/ESG issues in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Moderate

Q 64 Please add any overall comments and clarifications related to Principle 4 here. Please also describe any significant activities relating to Principle 4 not already captured by your answers above.

Being a Sovereign Wealth Fund, we do not engage directly on Public Policy unless it is directly related to regulation of the investment or financial markets eg stock exchanges.

Some public policy engagement is conducted to a small extent through affiliations and membership to organisations can occur.

We sometimes get parliamentary questions on our holdings and the countries we invest in - and what RI actions we are taking. We are able to respond to these quickly with correct information (outlining our RI procedures and standards).

In 2010, we were also exposed to a Members Bill - by a NZ Member of Parliament proposing changes to all the CFIs relevant legislation related to RI (ethical investment). We spent a bit of time corresponding with the MP and the Minister of Finance on why such a bill is not necessary for the CFIs.

We also engage with all our Managers annually on their RI practices and procedures. Compared to 2009 - more of our managers are now UNPRI signatories and those that arent have started putting in place systems on how they can consider ESG factors.

We are representatives on the RIAA's RI Academy sub-committee. The RI Academy is a professional institute dedicated to training and certificaion in responsible investment.

Principle 5 - We will work together to enhance our effectiveness in implementing the Principles.

Principle 5 is about collaborating with others in your implementation of responsible investment. The questions in this section are designed to capture the many ways in which signatories collaborate (for example by using the PRI Clearinghouse), and thus may overlap with areas discussed previously in the survey. However, the focus here is only those activities that involve working with others to implement the Principles.

While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 65 Please provide a description of your organisation's approach to this Principle. For example, how does your organisation work with other parties to enhance its implementation of the Principles?

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

Our RI Policy and internal procedures promote working collaboratively with other investors. We regularly participate in collaborative work through the UNPRI or regional forums. This has included, the Small-Funds Initiative, the Property Working Group, Infrastructure working Group, PE Steering Group, UN Global Compact-Conflict Affected Countries, the IGCC and our head of RI is a Board member of the RIAA.

The best example of demonstration of P5 - is our CFI RI agreement. We are able to collaborate and share resources on RI activities and initiatives. Through the implementation of the UNPRI principles - we have worked together framing a work programme based on the 6 principles. Integration of RI activities across the CFIs has been more prominent in 2010 compared to 2009.

The RI agreement with the CFIs is a potential template for other small funds. Such an agreement conserves resources and promotes consistency of RI initiatives within the investment industry.

We also coordinate regular teleconferences with other UNPRI NZ Signatories, to share information that may be helpful to implementing the UNPRI, as well as alerting them to RI related events or seminars.

We lead an engagement with a NZ company last year (GPG) on governance concerns and communicated the lessons of this with other investors and the CFIs. The engagement led to a successful outcome.

Q 66 To what extent did you collaborate with other investors in regard to the Principles, and what Principle did you collaborate most on?

Extent of Collaboration	Principle you collaborated most in
Please select: "Large", "Moderate", "Small" or "Not at all"	Please select: Principle 1, 2, 3, 4 or 6
Large	Principle 1

Q 67 Did you log in to the PRI Engagement Clearinghouse in 2010 and if so, how did you use it?

Logged in?	If Yes, please select all that apply
Yes	<ul style="list-style-type: none"> Joined a collaborative engagement led by another signatory that was posted on the Clearinghouse Used it as a learning tool or keep up to date with current engagements

Q 68 Did your organisation participate in any RI/ESG-issue related associations?

Among those you did participate in, please select:

- the first, second and third most important to your organisation, and
- for the three most important, to what extent your organisation participated.

For those not listed, please use the 'Other' field.

Associations	Please select all that apply	Please select only one "Most important", one "Second most important" and one "Third most important"	Only for these three most important, please select to what extent: "Large", "Moderate" or "Small"
Carbon Disclosure Project (CDP)	✓		
Institutional Investors Group on Climate Change (IIGCC)	✓		
International Corporate Governance Network (ICGN)	✓		
Investor Group on Climate Change, Australia/New Zealand (IGCC)	✓	Second most important	Large
Regional Social Investment Forums	✓	Most important	Large
United Nations Environmental Program Finance Initiative (UNEP FI)	✓		
Other (2) - please specify: UN Global Compact - Conflict-Affected Countries initiative	✓	Third most important	Large
Other (3) - please specify: Australia/NZ Climate change and Business	✓		

Q 69 Please add any overall comments and clarifications related to Principle 5 here. Please also describe any significant activities relating to Principle 5 not already captured by your answers above.

We have actively promoted the UN Global Compact through our engagement activities, our policy and our research provider including monitoring our portfolio for potential breaches of the UN Global Compact principles.

Head of RI - Anne Maree O'Connor is also a board member of the Responsible Investment Association of Australasia - she has monthly board meetings, and has spent time reviewing the draft content of the RIAA academy (training tool).

We have presented at various conferences within New Zealand and overseas in promoting the UNPRI and our activities on RI.

In April 2010, we jointly with the IGCC and PWC hosted a workshop on Carbon Disclosure for NZX 50 companies. This was well attended by participating companies. This resulted in more NZX 50 companies reporting to the CDP in 2010 compared to 2009.

We also hosted a Business Ethics Workshop (October 2010) stressing importance of leadership, risk management, and driving ethical decision making. This was well attended by investment managers, senior staff and companies.

One of our major achievements is the collaboration agreement with other CFIs. We collaborate with other CFIs in sharing information, policy development, research, implementation and monitoring.

We are also a keycoordinators of events and information sharing amongst NZ UNPRI signatories.

We were also a stakeholder and judge at the NZ Sustainable 60's Corporate disclosure award.

Principle 6 - We will each report on our activities and progress towards implementing the Principles.

Principle 6 is about your organisation's reporting of responsible investment activities (as opposed to Principle 3 which relates to the reporting of your investees or potential investees). The questions in this section focus on how you disclose your activities regarding the implementation of the Principles and where that disclosed information can be found. While completing this section you are free to move to any of the other sections of the survey without losing work already done.

Q 70 Please provide a description of your organisation's approach to this Principle. For example, in what ways does your organisation report your implementation of the Principles? Please include any sort of disclosure and transparency practices you have adopted.

Note that this text - in addition to being part of the full survey - will also be part of the *Executive Summary* of the survey. The *Executive Summary* is a separate document that will collate the text you provide for each of the introductory sections of the survey (GPS and the six Principles).

As an organisation we have a strong culture for transparency and disclosure reflected in our policies and governing legislation.

Our RI Policy commits us to public communication on our RI activities. We publish all our publicly-listed holdings in our segregated portfolio annually. We have a special section on our website dedicated to RI.

We report biannually on our RI activities and voting reports to the Board. We also published the UNPRI's assessment report on the NZ Superannuation Fund. RI is integrated into our communications strategy, Board reporting and reporting to the Minister of Finance.

We also recorded, and report on our internal environmental footprint which includes measuring our waste, energy and travel data - and we have systems in place to reduce our footprint of these.

Last year, for the first time, we integrated our RI activities and practices as part of our annual report.

We follow the Santiago Principles on Transparency. The Santiago Principles are an initiative of the International Working Group of Sovereign Wealth Funds (IWG) of which New Zealand is a member country.

We have a good reputation for transparency, including being ranked top in a report by the Peterson Institute for International Economics on governance and transparency amongst 32 Sovereign Wealth Funds.

Q 71 To what extent did you disclose, either to clients/beneficiaries or publicly, your policy and/or approach to incorporating ESG issues into investment analysis and decision-making processes in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Large

If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answering *not at all*, please explain why not.

Yes, you did disclose: <http://www.nzsuperfund.co.nz/index.asp?pageID=2145876519>
how can it be obtained

As a member of IGCC we publicly disclose our activities in relation to climate change on the IGCC website www.igcc.org.au.

The IGCC website contains the CDP Australia & New Zealand Report 2010, the other climate change research papers referred to in earlier questions and submissions to government on climate change policy development.. All these documents can be found at <http://www.igcc.org.au/content/publications>

Did not disclose publicly:
please explain why not

Q 72 Did you disclose your voting policy in 2010?

Please select one: Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: http://www.nzsuperfund.co.nz/files/Voting_Report_2H_2010_Website.pdf
how can it be obtained http://www.nzsuperfund.co.nz/files/Six-month_Voting_Report_Jan-Jun_2010.pdf

Did not disclose publicly:
please explain why not

Q 73 Did you disclose your (proxy) voting record in 2010, and if so:

- How much of your voting record did you disclose?
- Did you disclose the explanations/reasons for voting as you did?
- How frequently did you disclose?

Did you disclose? (please select one)	How much of your voting (please select one)	How much explanation? (please select one)	How frequently? (please select any applicable)
Yes - disclosed publicly	Summary of votes only	Explained some votes	Disclosed annually

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: Disclosed six monthly
how can it be obtained http://www.nzsuperfund.co.nz/files/Six-month_Voting_Report_Jan-Jun_2010.pdf
http://www.nzsuperfund.co.nz/files/Voting_Report_2H_2010_Website.pdf

Did not disclose publicly:
please explain why not

Q 74 Did you disclose your non-proxy voting active ownership and engagement policies or other documents that direct these activities?

Please select one: Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

Yes, disclosed publicly: <http://www.nzsuperfund.co.nz/index.asp?pageID=2145879296> - engagement process and policy
how can it be obtained and
http://www.nzsuperfund.co.nz/files/NZSF%20financials_web.pdf (page 133) for our latest engagement activities

Did not disclose publicly:
please explain why not

Q 75 To what extent did you disclose (either to clients/beneficiaries or publicly) your non-proxy voting RI/ESG issue-related active ownership and engagement activities, results and progress in 2010?

Please select:
"Large", "Moderate", "Small" or "Not at all"

Please select: Large

If you disclosed, please indicate how this disclosure can be obtained - a web address (URL) would be sufficient. If answering *not at all*, please explain why not.

Yes, you did disclose: http://www.nzsuperfund.co.nz/files/NZSF%20financials_web.pdf
how can it be obtained
(page 133)

As a member of IGCC we publicly disclose our activities in relation to climate change on the IGCC website www.igcc.org.au.

The IGCC website contains the CDP Australia & New Zealand Report 2010, the other climate change research papers referred to in earlier questions and submissions to government on climate change policy development. All these documents can be found at <http://www.igcc.org.au/content/publications>

Did not disclose publicly:
please explain why not

Q 76 Did you disclose (either to clients/beneficiaries or publicly) RI/ESG activities, results and progress related to Principle 3, Principle 4 or Principle 5 in 2010?

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 3 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* http://www.nzsuperfund.co.nz/files/NZSF%20financials_web.pdf
(RI section, page 132)

*Did not disclose publicly:
please explain why not*

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 4 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* http://www.nzsuperfund.co.nz/files/NZSF%20financials_web.pdf
(RI section, page 132)

*Did not disclose publicly:
please explain why not*

Please select "Yes, disclosed publicly", "Yes - disclosed to clients or beneficiaries only" or "Not at all"

Principle 5 Yes - disclosed publicly

If 'Yes, disclosed publicly', please indicate how it can be obtained - a URL would be sufficient. If not, please explain why not.

*Yes, disclosed publicly:
how can it be obtained* http://www.nzsuperfund.co.nz/files/NZSF%20financials_web.pdf
(RI section, page 132)

*Did not disclose publicly:
please explain why not*

Q 77 Please add any overall comments and clarifications related to Principle 6 here. Please also describe any significant activities relating to Principle 6 not already captured by your answers above.

We have a good reputation for transparency. As mentioned in Q 70 - ranked top in a report by the Peterson Institute for International Economics on governance and transparency amongst 32 Sovereign Wealth Funds.

We provide regular public updates on key activities as well integrated our RI activities as part of our annual report for the first time in 2010. We do not publicly report in detail on our engagement with specific companies unless this is agreed by the PRI initiative - but we have publicly disclosed our engagement priorities, processes and initiatives we are participating in unless these are confidential. We also report on the number of companies we engage with.

We lead a engagement with a NZ company last year (GPG) on governance concerns and communciated the lessons of this with other investors and the CFIs. The engagement lead to a successful outcome.

We provide more detail on our engagement internally to our investment team and Board on a secure internal intranet.

We respond transparently to all public enquiries.