



RI TRANSPARENCY REPORT

2016

New Zealand Superannuation Fund

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2016 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	✓	Private							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Additional information about organisation	✓	Public							✓
OO 11	RI activities for listed equities	✓	Public							✓
OO 12	RI activities in other asset classes	✓	Public							✓
OO 13	Modules and sections required to complete	✓	Public							✓

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	RI goals and objectives	✓	Public							✓
SG 05	Main goals/objectives this year	✓	Private							✓
SG 06	RI roles and responsibilities	✓	Public							✓
SG 07	RI in performance management, reward and/or personal development	✓	Private							✓
SG 08	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09	Promoting RI independently	✓	Public				✓			
SG 10	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 11	ESG issues in strategic asset allocation	✓	Public	✓						
SG 12	Long term investment risks and opportunity	✓	Public	✓						
SG 13	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 14	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 15	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 16	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
SG 17	Innovative features of approach to RI	✓	Public							✓
SG 18	Internal and external review and assurance of responses	✓	Private							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Role of investment consultants/fiduciary managers	✓	Public				✓			
SAM 02	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 03	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private							✓
SAM 04	ESG incorporation strategies	✓	Public	✓	✓					
SAM 05	Selection processes (LE and FI)	✓	Public	✓					✓	
SAM 06	Appointment considerations (LE and FI)	✓	Private				✓			
SAM 07	Monitoring processes (LE and FI)	✓	Public	✓						
SAM 08	Percentage of (proxy) votes cast	✓	Public		✓					
SAM 09	Selection processes (PE, PR and INF)	✓	Public	✓					✓	
SAM 10	Appointment considerations (PE, PR and INF)	✓	Public				✓			
SAM 11	Monitoring processes (PE, PR and INF)	✓	Public	✓					✓	
SAM 12	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓					✓	
SAM 13	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 14	Disclosure of RI considerations	✓	Public						✓	

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private							✓
LEI 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 11	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 12	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 13	ESG issues in index construction	✓	Public	✓						
LEI 14	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 15	Measurement of financial and ESG outcomes of ESG incorporation	✓	Private	✓						
LEI 16	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 17	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagement methods	✓	Private		✓					
LEA 13	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 15	Examples of ESG engagements	✓	Private		✓					
LEA 16	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	⚙	n/a		✓					
LEA 20	Confirmation of votes	✓	Private		✓					
LEA 21	Securities lending programme	✓	Public		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Public		✓					
LEA 26	Examples of (proxy) voting activities	✓	Private		✓					
LEA 27	Disclosing voting activities	✓	Public		✓				✓	

New Zealand Superannuation Fund

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information			
OO 01	Mandatory	Gateway/Peering	General
OO 01.1	Select the category which best represents your primary activity.		
<input type="radio"/> Non-corporate pension or superannuation or retirement or provident fund or plan <input type="radio"/> Corporate pension or superannuation or retirement or provident fund or plan <input type="radio"/> Insurance company <input type="radio"/> Foundation <input type="radio"/> Endowment <input type="radio"/> Development finance institution <input checked="" type="radio"/> Reserve - sovereign or government controlled fund <input type="radio"/> Family office <input type="radio"/> Other, specify			
OO 02	Mandatory	Peering	General
OO 02.1	Select the location of your organisation's headquarters.		
New Zealand			
OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).		
<input checked="" type="radio"/> 1 <input type="radio"/> 2-5 <input type="radio"/> 6-10 <input type="radio"/> >10			
OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).		
	FTE		
112			
OO 03	Mandatory	Descriptive	General
OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.		
<input type="radio"/> Yes <input checked="" type="radio"/> No			
OO 04	Mandatory	Gateway/Peering	General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2015

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		29	368	650	000
Currency	NZD				
Assets in USD		19	606	529	234

OO 06**Mandatory****Descriptive****General****OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☐ Publish our asset class mix as percentage breakdown
- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	<10%	10-50%
Fixed income	0	10-50%
Private equity	0	<10%
Property	<10%	<10%
Infrastructure	0	<10%
Commodities	0	0
Hedge funds	0	<10%
Forestry	<10%	<10%
Farmland	<10%	0
Inclusive finance	0	0
Cash	<10%	0

Other (1), specify	10-50%	0
Other (2), specify	<10%	<10%

	'Other (1)' specified
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Swaps + Tilt + Liquidity management

	'Other (2)' specified
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Distressed Credit + Insurance + Convertible Arbitrage & specific direct investments.

OO 06.2	Publish our asset class mix as per attached image [Optional].
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OO 09	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 10	Voluntary	Descriptive	General
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OO 10.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
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Background

The New Zealand Superannuation Fund is a New Zealand Government savings vehicle to help reduce the tax burden on future generations. By using the Fund to save now in order to pay for future universal retirement benefits, the Government aims to smooth the cost of New Zealand Superannuation between today's taxpayers and future generations.

The NZ\$29 billion Fund, which began investing in 2003, is managed by a Crown entity, the Guardians of New Zealand Superannuation.

The Fund is a genuine long-term investor. Withdrawals are not scheduled until 2029/30 and the Fund will not peak in size until the 2080s.

Highly diversified across asset classes and geographies, the Fund has achieved a return of 9.6% p.a. (before NZ tax, after costs) since inception. NZ tax is considered a return to the Fund's owner, the Crown.

Legislative Mandate

The Guardians' mandate is set by the NZ Superannuation and Retirement Income Act 2001 (the Act); this legislation states that the Guardians must invest the Fund on a prudent, commercial basis and, in doing so, must manage and administer the Fund in a manner consistent with:

- (a) Best-practice portfolio management;
- (b) Maximising return without undue risk to the Fund as a whole; and
- (c) Avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

The legislation also requires that the Guardians' statement of investment policies, standards, and procedures covers ethical investment and voting rights.

Mission

The Guardians' mission is to maximise the Fund's return over the long term, without undue risk, so as to reduce future New Zealanders' tax burden.

How we invest

More than two-thirds of the Fund is invested passively, in line with global sharemarket indices. We only undertake active investment when we have a high level of confidence that it will, over the long term, be better than investing passively - by either improving the Fund's returns, reducing risk (e.g. through diversification) or both.

In keeping with its long investment horizon, the Fund is strongly growth-oriented, aiming to out-perform a shadow or notional portfolio of 80% growth, 20% fixed income, passive, low-cost, listed investments.

The Guardians invest both through external investment and asset managers and directly, using an in-house team of investment professionals.

Our commitment to Responsible Investment

In addition to the legislative requirements outlined above, one of the Guardians' investment beliefs (a set of principles that guide our investment decision-making) is that responsible investors must have concern for ESG factors as they are material to long-term returns.

As part of good governance of the Fund, we therefore aim to actively manage the long-term risks and opportunities ESG issues present now and into the future.

As outlined in our Responsible Investment Framework (available on www.nzsuperfund.co.nz), responsible investment is integrated into all our investment activities. For example, ESG factors are considered when we identify investment opportunities, assess investment risk, undertake due diligence and make decisions as an asset owner and shareholder. We work closely with our investment managers to ensure the votes they make on our behalf are appropriate, and we aim to use our voting rights to promote best-practice corporate governance both in New Zealand and internationally. We encourage our managers to integrate ESG factors into their investment strategies including investment selection, and ongoing stewardship. We include RI capabilities as an important criteria in our own manager selection process.

We also monitor our portfolio for breaches of our responsible investment requirements and prioritise engagement with companies we are concerned about. Through this engagement programme, in which we often work alongside like-minded global investors, we encourage companies to address poor ESG performance, or to adopt good corporate practice standards. In 2015, along with two other New Zealand Crown Financial Institutions, we appointed BMO Global Asset Management (BMO) to help us with our engagement efforts.

We have a strong preference for engagement rather than excluding companies from the Fund's portfolio, as we believe it is a better means of effecting change. In some circumstances, however, we can and do choose to exclude companies from the Fund. There are two types of exclusions:

(a) 'product' exclusions, where companies are excluded based on the products they make (e.g. tobacco, cluster munitions). On these matters we are guided by a set of principles outlined in our Responsible Investment Framework; these include (but are not limited to) policy positions of the New Zealand Government, international conventions to which New Zealand is a signatory; and New Zealand or national law.

(b) 'poor ESG practices' exclusions, where companies are excluded for systemic breaches of responsible investment standards.

Exclusion on the basis of poor ESG practices is a last resort, factoring in the likely success of engagement, the materiality of the issue and our desire to, as a relatively small investor in global terms, focus our limited resource on companies where we believe we can make a difference.

Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General
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OO 11.1	Select your direct or indirect ESG incorporation activities your organisation implemented, for listed equities in the reporting year.
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- ☒ We incorporate ESG in our investment decisions on our internally managed assets
- ☒ We address ESG incorporation in our external manager selection, appointment and/or monitoring processes
- ☐ We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

OO 11.2	Select your direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.
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- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We require our external managers to engage with companies on ESG issues on our behalf
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

OO 11.3	Select your direct or indirect voting activities your organisation implemented for listed equity in the reporting year
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- ☒ We cast our (proxy) votes directly or via dedicated voting providers
- ☒ We require our external managers to vote on our behalf
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 12	Mandatory	Gateway	General
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OO 12.1	Select internally managed asset classes where you implemented responsible investment into your investment decisions and/or your active ownership practices (during the reporting year)
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- ☒ Property
- ☒ Forestry
- ☒ Farmland
- ☐ Cash
- ☐ Other (1)
- ☐ Other (2)
- ☐ None of the above

	'Other (1)' [as defined in OO 05]
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Swaps, Tilts and Liquidity Management

	'Other (2)' [as defined in OO 05]
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Distressed Credit + Insurance + Convertible Arbitrage and certain direct investments.

OO 12.2

Select externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)

- ☒ Fixed income – SSA
- ☒ Fixed income – corporate (financial)
- ☒ Fixed income – corporate (non-financial)
- ☒ Fixed income – securitised
- ☒ Private equity
- ☒ Property
- ☒ Infrastructure
- ☐ Hedge funds
- ☒ Forestry
- ☐ Other (2)
- ☐ None of the above

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

Distressed Credit + Insurance + Convertible Arbitrage and certain direct investments.

OO 12.3

Additional information. [Optional]

For fixed income mandates, we require our managers to adhere to our exclusions policy.

OO 13
Mandatory
Gateway
General

You will need to make a selection in OO 13.1 only if you have any voluntary modules that you can choose to report on.

OO 13.1

You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list below.

Core modules

- ☒ Organisational Overview
- ☒ Strategy and Governance

RI implementation directly or via service providers
Direct - Listed Equity incorporation

- ☒ Listed Equity incorporation

Direct - Listed Equity active ownership

- ☒ Engagements
- ☒ (Proxy) voting

Direct - Other asset classes with dedicated modules

- ☐ Property

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- ☒ Listed Equities
- ☒ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☒ Fixed income - Securitised
- ☒ Private Equity
- ☐ Property
- ☐ Infrastructure

Closing module

- ☒ Closing module

New Zealand Superannuation Fund

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Strategy and Governance

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Responsible investment policy

SG 01

Mandatory

Core Assessed

General

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

☒ Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate what norms have you used to develop your RI policy.

- ☒ UN Global Compact Principles
- ☐ UN Guiding Principles on Business and Human Rights
- ☒ Universal Declaration of Human Rights
- ☐ International Bill of Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☐ OECD Guidelines for Multinational Enterprises
- ☒ Other, specify (1)

other (1) description

OECD Principles of Corporate Governance and International Corporate Governance Network (ICGN) Global Governance Principles.

- ☒ Other, specify (2)

	other (2) description
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NZ Corporate Governance Forum Guidelines

- ☐ Other, specify (3)
- ☐ None of the above

SG 01.4	Provide a brief description of the key elements of your investment policy that covers your responsible investment approach [Optional].
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Our investment beliefs, which complement and underpin our endowments, and are a key driver of our investment decisions. One of our investment beliefs is: "Responsible investors must have concern for environmental, social and governance factors because they are material to long-term returns."

Our approach to Responsible Investment (RI) is governed by our Statement of Investment Policies, Standards and Procedures which can be found on our public website here:

[https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Statement%20of%20Investment%20Policies,%20Standards%20and%20Procedures%20\(SIPSP\).pdf](https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Statement%20of%20Investment%20Policies,%20Standards%20and%20Procedures%20(SIPSP).pdf)

Our RI work is integrated across our investment activities. For example, understanding ESG issues is an important part of our risk assessment and due diligence on prospective individual investments.

We also:

- monitor our portfolio for breaches of our responsible investment requirements;
- engage with companies we are concerned about (directly and through an engagement service provider), and;
- work closely with our investment managers to ensure the votes they make on our behalf are appropriate.

We are also a member of the Investor Group on Climate Change Australia/New Zealand, the International Corporate Governance Network and the Responsible Investment Association Australasia (Anne-Maree O'Connor is on the Board) and the Australian Council of Superannuation Investors (ACSI). In addition, we provide the secretariat and chair for the NZ Corporate Governance Forum.

☐ No

SG 01.5	Additional information [Optional].
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We also share RI resources with two other New Zealand Crown Financial Institutions: the Accident Compensation Corporation (ACC) and the Government Superannuation Fund Authority.

SG 02	Mandatory	Core Assessed	PRI 6
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SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide URL and an attachment of the document.
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- ☒ Policy setting out your overall approach

URL

<https://www.nzsuperfund.co.nz/how-we-invest/responsible-investment>

- ☐ Formalised guidelines on environmental factors
- ☐ Formalised guidelines on social factors
- ☐ Formalised guidelines on corporate governance factors
- ☐ Asset class-specific guidelines
- ☐ Sector specific RI guidelines
- ☒ Screening / exclusions policy

URL

<https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/exclusions>

- ☒ Engagement policy

URL

<https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/engagement>

- ☒ (Proxy) voting policy

URL

<https://www.nzsuperfund.co.nz/performance-esg-management/voting-reports>

- ☐ We do not publicly disclose our investment policy documents

SG 02.2

Additional information [Optional].

Investment beliefs - which includes ESG: <https://www.nzsuperfund.co.nz/how-we-invest/beliefs>

White paper on why we believe responsible investing pays off:

<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/White%20Paper%20ESG%20Beliefs.pdf>

New Zealand legislation (<http://www.legislation.govt.nz/act/public/2001/0084/latest/DLM113924.html>) which says that we must administer the Fund on a prudent, commercial basis and, in doing so, must manage and administer the Fund in a manner consistent with:

- Best practice portfolio management;
- Maximising return without undue risk to the Fund as a whole;
- Avoiding prejudice to New Zealand's reputation as a responsible investor of the world community

Information about our approach to RI is available on our website: <https://www.nzsuperfund.co.nz/how-we-invest/responsible-investment>.

We report on our performance at <https://www.nzsuperfund.co.nz/performance/esg-management> and in a dedicated RI report in our Annual Report for the Guardians and Fund <https://www.nzsuperfund.co.nz/publications/annual-reports>.

SG 03	Mandatory	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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We have a Board and Staff Code of Conduct.

For the Board when a situation arises, they recuse themselves from the issue/matter where the conflict of interest exists.

A copy of the Board's Charter is available at: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Board%20Charter.pdf>

A copy of the Board Code of Conduct is available at: <https://www.nzsuperfund.co.nz/documents/board-code-conduct>

For the Staff, the staff are required to as part of the code of conduct to raise the conflict and step aside. The matter is then discussed with the CEO.

We take a precautionary approach and ask staff and board members to disclose any matter where there could be a perceived conflict.

A copy of our Human Resources Policy (including Code of Conduct and Securities Trading Procedure) is available at: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Human%20Resources%20Policy.pdf>

☐ No

SG 03.3	Additional information. [Optional]
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Specific details of potential Guardians Board and staff conflicts, and how they are managed, are detailed in our annual disclosures to the Commerce Select Committee (a Parliamentary Committee). See our response to question 117 at: http://www.parliament.nz/resource/en-NZ/51SCCO_EVI_00DBSCH_FIN_59424_1_A422550/5e7ebdfd1785c2490ef6724e6d3ec4b10ba943fa

Objectives and strategies

SG 04	Mandatory	Gateway/Core Assessed	General
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SG 04.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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- ☐ Quarterly or more frequently
- ☒ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not reviewed

SG 04.2

Additional information. [Optional]

Progress on our RI objectives is reviewed by the Investment committee biannually via an RI dashboard and to the Board annually. In addition, there is a dedicated RI report within each Annual Report and a dedicated section within a confidential Quarterly Report to the New Zealand Minister of Finance.

Further, RI is integrated into the Guardian's Statement of Intent which is produced at least every three years. The Statement of Intent provides an overview of the Guardians and Fund, summarises our five-year strategic plan, and is a vehicle for agreeing, with the Minister of Finance, a set of performance measures against which we are required to report publicly. These performance measures include responsible investment measures. Annually, we also publish a complementary document, the Statement of Performance Expectations. The Statement of Performance Expectations sets out high priority activities (drawn from our strategic plan) and forecast financial statements for the relevant financial year. We report on how we have performed against the Statement of Intent and Statement of Performance Expectations in our the Statement of Performance in our Annual Reports.

Governance and human resources

SG 06**Mandatory****Core Assessed****General****SG 06.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
Head of Investment Analysis

- ☒ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Investor relations
- ☒ Other role, specify

Communications Team

	Other description (1)
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- ☐ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify

SG 06.3	Indicate the number of dedicated responsible investment staff your organisation has.
----------------	--

	Number
--	--------

2

SG 06.4	Additional information. [Optional]
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17 (40%) of the Fund's asset and investment managers are members of the UNPRI. Eight (62%) of our New Zealand managers are UNPRI signatories. The majority of managers have RI policies or an approach to ESG, even if they are not UNPRI signatories.

The number of dedicated RI staff is increasing from 2 to 2.8 in February 2016.

Promoting responsible investment

SG 08

Mandatory

Core Assessed

PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 08.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

☒ Principles for Responsible Investment

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

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

NZSF is involved in the following PRI-coordinated collaborative engagements:

- Sustainable Palm Oil
- Fracking
- Anti-bribery& Corruption

In addition, Anne-Maree O'Connor is on the Policy & Research Steering Committee, we participated in the Sustainable Stock Exchanges initiative, we attended the PRI in Person Conference and published a white paper titled "Why we believe responsible investment pays off", which fed into the PRI's work on policy and contributed to work on long-term investing.

- ☐ AFIC – La Commission ESG
- ☐ Asian Corporate Governance Association
- ☒ Australian Council of Superannuation Investors

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

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ BVCA – Responsible Investment Advisory Board
- ☒ CDP Climate Change

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

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ Council of Institutional Investors (CII)
- ☐ ESG Research Australia
- ☐ Eumedion
- ☐ EVCA – Responsible Investment Roundtable
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Impact Investing Network (GIIN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☒ International Corporate Governance Network (ICGN)

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

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☒ Investor Group on Climate Change, Australia/New Zealand (IGCC)

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

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ International Integrated Reporting Council (IIRC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Financial Action for the 21st Century
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
Responsible Investment Association of Australasia (RIAA)

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

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

RI Manager is on the Board of the Responsible Investment Association Australasia (RIAA). We sponsor and play a key role in organising the NZ RIAA Conference. Our CEO was a keynote speaker at the 2015 RIAA Annual Conference. We also sponsored the RIAA 2015 Responsible Investment Benchmarking Report (New Zealand and Australia).

- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify

NZ Crown Financial Institutions resource sharing collaboration

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

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

NZSF has a RI resource sharing agreement with two other Crown Financial institutions (CFIs) in NZ. The two CFIs (Accident Compensation Corporation (ACC) and the Government Superannuation Fund Authority) are also UNPRI signatories. We act as their secretariat on RI activities. Meetings are held quarterly to discuss and implement key RI activities such as policies and practices, engagement activities, research and reference and ESG integration.

- ☒ Other collaborative organisation/initiative, specify

NZ Corporate Governance Forum

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

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--	--

NZSF has been a key driver behind the establishment of the NZ Corporate Governance Forum. Anne-Maree O'Connor is the current chair and NZSF will provide the secretariat function for two years.

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

SG 08.2	Additional information. [Optional]
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In addition, we are often asked to and participate in consultations for global peer funds on RI strategy and for New Zealand and Australian institutional investors directly or through presentations for investor events.

SG 09	Mandatory	Core Assessed	PRI 4
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SG 09.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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☒ Yes

SG 09.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☒ Wrote articles on responsible investment in the media.
- ☒ Other, specify

	specify description
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Launch of the NZ Corporate Governance Forum

☐ No

SG 10	Voluntary	Additional Assessed	PRI 4,5,6
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SG 10.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
----------------	---

- ☒ Yes
- ☒ Yes, individually
 - ☒ Yes, in collaboration with others

SG 10.2

Select the methods you have used.

- ☒ Endorsed written submissions to governments, regulators or public policy developed by others
- ☒ Drafted your own written submissions to governments, regulators or public policy markers
- ☐ Participated in face-to-face meetings with government members or officials to discuss policy
- ☐ Other, specify

SG 10.3

Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- ☒ Yes, publicly available

provide URL

<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/NZSF%20ASX%20Reverse%20Takeovers%20Submission.pdf>

- ☐ No

- ☐ No

SG 10.4

Additional information

We entered a submission to the Australian Stock Exchange consultation on Reverse Takeovers.
In addition, we participated in the UNPRI collaborative engagement letter to stock exchanges on ESG reporting.

Implementation not in other modules**SG 11**

Voluntary

Descriptive

PRI 1

SG 11.1

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- ☒ Yes

- ☒ Scenario analysis which includes factors representing the investment impacts of future environmental trends
- ☐ Scenario analysis which includes factors representing the investment impacts of future social trends
- ☐ Scenario analysis which includes factors representing the investment impacts of future governance trends
- ☐ Other, specify

- ☐ No

SG 11.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
----------------	---

☒ Yes

- ☒ Allocation between asset classes
- ☐ Determining fixed income duration
- ☒ Allocation of assets between geographic markets
- ☐ Sector weightings
- ☒ Other, specify

Allocation and prioritization between different types of investment opportunities.

☐ No

SG 11.3	Additional information.
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ESG issues and responsible investment risks and opportunities are considered as part of our portfolio construction process. We rank and map, on a whole-of-fund basis, all our existing and potential investments by:

- a) Attractiveness (expected return, adjusted for confidence and risk); and
- b) Consistency with the Fund's investment style (ESG, Macrothemes and Targeted Operating Model).

As part of this process, we look closely at how good a fit the investment is with our way of investing, including our investment beliefs and themes. ESG issues and each investment opportunity's fit with themes such as resource sustainability therefore feed directly into the rankings of different investments.

The better a prospective or existing investment satisfies each test, the higher its ranking. For a prospective investment, a higher ranking means it is more likely that we will seek an access point - passively, directly or through a manager. Ranking is also key to sizing our investments.

In 2015, we were also involved in the Mercer project which looked at four climate scenarios to estimate the impact on returns for portfolios, asset classes and industry sectors between 2015 and 2050.

SG 12	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1
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SG 12.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you consider.
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- ☒ Changing demographics
- ☒ Climate change

SG 12.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
----------------	--

- ☐ Established a climate change sensitive or climate change integrated asset allocation strategy
- ☒ Targeted low carbon or climate resilient investments
- ☐ Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- ☒ Used emissions data or analysis to inform investment decision making
- ☒ Sought climate change integration by companies
- ☒ Sought climate supportive policy from governments
- ☐ Other, specify
- ☐ None of the above

SG 12.3

Indicate which of the following tools you use to manage emissions risks and opportunities

- ☒ Carbon footprinting
- ☒ Scenario testing
- ☐ Disclosure on emissions risk to clients/trustees/management/beneficiaries
- ☐ Target setting for emissions risk reduction
- ☐ Encourage internal and/or external portfolio managers to monitor emissions risk
- ☐ Emissions risk monitoring and reporting are formalised into contracts when appointing managers
- ☒ Other, specify

other description

We encourage internal+external portfolio managers to consider climate change related risks and opportunities (not just emissions risk). IGCC has been engaging on climate change.

☐ None of the above

- ☒ Resource scarcity
- ☐ Technology developments
- ☒ Other, specify(1)

other description (1)

We have an alternative energy strategy which came out of our energy sector and climate change research.

- ☐ Other, specify(2)
- ☐ None of the above

SG 12.5

Additional information [Optional]

Investment Themes are an important part of how the Fund prioritises its investment research and activities. We have defined Investment Themes as long-lasting impacts on economies and capital markets, that will normally be fairly immune to the ups and downs of the business cycle.

Thematic analysis is about identifying return streams positively and negatively exposed to the themes. Our investment thesis is that these exposures will not usually be fully-priced by markets given they are "slow burn" in nature and subject to uncertainty. Thematic investing is therefore very much aligned with the Fund's long-term investment horizon.

The Fund has three broad Investment Themes we believe will provide areas of investment opportunity in years to come:

- Resource Sustainability
- Emerging Markets Segmentation
- Evolving Demand Patterns

SG 13

Mandatory to Report Voluntary to Disclose

Descriptive

PRI 1

SG 13.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

☒ Yes

SG 13.2

Indicate the percentage of your total AUM invested in environmental and social themed areas.

% of total AUM

6

SG 13.3

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

Area

☒ Clean technology (including renewable energy)

Asset class invested

- ☐ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☐ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☒ Private equity
- ☐ Property
- ☐ Infrastructure
- ☐ Forestry
- ☐ Farmland

Brief description of investment

The type of investment is similar to private equity but is managed internally via our Direct Investment team. Types of investment include: Fuel cell manufacturer for stationary power generation applications, new wind turbine design manufacturer, biofuel from waste gas fermentation company and energy efficient glass - NZ\$423m combined.

- ☐ Green buildings
- ☒ Sustainable forestry

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☐ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☐ Private equity
- ☐ Property
- ☐ Infrastructure
- ☒ Forestry
- ☐ Farmland

	Brief description of investment
--	---------------------------------

FSC certified plantation forestry plus one REDD forest project. The large majority of our forestry investments have FSC or PEFC certification. The New Zealand FSC certified assets equate to NZ\$1.39bn.

- ☐ Sustainable agriculture
- ☐ Microfinance
- ☐ SME financing
- ☒ Social enterprise / community investing

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☐ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☐ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised
- ☐ Private equity
- ☐ Property
- ☒ Infrastructure
- ☐ Forestry
- ☐ Farmland

	Brief description of investment
--	---------------------------------

Social Infrastructure Fund (NZ\$54m) - investing in schools, hospitals and other social infrastructure.

- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Water
- ☐ Other area, specify

☐ No

SG 14	Mandatory	Descriptive	General
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SG 14.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
----------------	--

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Property	We integrate ESG responsibilities through our governance role as a director on the Board.
Forestry	We integrate ESG responsibilities through our governance role as a director on the Board.
Farmland	We require our Farm Investment Manager to apply a Responsible Farming policy and management system. We have a regular programme of on-site visits which includes checks against the Responsible Farming policy.

SG 15	Mandatory	Descriptive	General
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SG 15.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
----------------	--

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Property	ESG Due Diligence is a major component in the pre-investment analysis. ESG Management and Reporting is a post-investment requirement. We have developed our own property ESG guidelines to assist in this. There are also ESG requirements for integration and reporting in the Manager's IMA. ESG integration has particularly focused on two emerging market property managers with a particular focus on safety and working conditions.
Infrastructure	ESG Due Diligence is a major component in the pre-investment analysis. ESG Management and Reporting is a post-investment requirement. We promote the IFC guidelines as appropriate standards, particularly in the emerging markets. ESG requirements for integration and reporting is in the Manager's IMA.
Forestry	ESG Due Diligence is a major component in the pre-investment analysis. ESG Management and Reporting is a post-investment requirement. We have developed our own Forestry ESG guidelines to assist in this - these include FSC requirements and safety issues. There are also ESG requirements for integration and reporting in the Manager's IMA. Focus this year has been on improving safety in the NZ forestry industry including contractors and suppliers.

SG 15.2

Additional information.

We conduct an RI review and rate each manager annually. From this, relevant RI performance issues (both good practice and concerns) are integrated into the portfolio management and performance (conviction) ratings of our external managers. These conviction reviews are carried out by our Investments team with input from dedicated RI staff.

Innovation

SG 17

Voluntary

Descriptive

General

SG 17.1

Indicate whether any specific features of your approach to responsible investment are particularly innovative.

☒ Yes

SG 17.2

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

We believe our risk allocation process (RAP process) is particularly innovative. The New Zealand Superannuation Fund is a global fund with a long time horizon and certain liquidity. This means there are thousands of potential investment opportunities available to us. How do we choose the best ones for us?

The Risk Allocation Process (RAP) is a portfolio construction process or tool to help with our investment decision-making. We use the RAP to rank and map our existing and potential investment opportunities by:

- attractiveness (expected return, adjusted for confidence and risk); and
- consistency with the Fund's investment style (ESG is a major component of this).

Review and integration of ESG is an integral part of the RAP which prioritises the types of investments we may make.

In addition, we maintain a dedicated RI section and staff education module on RI on our intranet. Video recordings also aid the induction processes.

☐ No

New Zealand Superannuation Fund

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

SAM 01	Mandatory	Core Assessed	PRI 4
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SAM 01.1 Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- ☐ Yes, we use investment consultants
☐ Yes, we use fiduciary managers
☒ No

SAM 02	Mandatory	Gateway	General
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SAM 02.1 Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - SSA	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Corporate (non-financial)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Securitised	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 02.2 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

Our activities include: RI integration into manager selection, due diligence and ongoing monitoring and review. This is aided by RI guidelines across asset classes. We also include specific RI requirements in mandates and other related legal contracts.

As part of our post investment monitoring, we carry out an annual RI review of our managers. The objective of the review is to assess and gain more awareness of the manager's management of ESG issues and to require improvement where appropriate. Managers are rated on ESG practices. The results of the review are integrated into our annual manager conviction review.

We also carry out site visits to assess ESG activities onsite.

Listed equity (LE) and Fixed income (FI)

Overview

SAM 04

Mandatory

Gateway

PRI 1,2

☐ Appeal approved for this indicator

SAM 04.1

Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf:

Active investment strategies

Active investment strategies	LE				
Screening	<input checked="" type="checkbox"/>				
Thematic	<input type="checkbox"/>				
Integration	<input checked="" type="checkbox"/>				
None of the above	<input type="checkbox"/>				

Passive investment strategies

Passive investment strategies	LE	SSA		Corporate (non-financial)	Securitised
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

SAM 04.2

Additional information. [Optional]

Exclusion decisions are based on a clear process and principles that are set out in our Responsible Investment Framework. International conventions, New Zealand law, Crown actions, and companies' involvement and activities, are key factors in our decision-making process.

There are two types of exclusions:

- (a) 'product' exclusions, where companies are excluded based on the products they make (for example tobacco, cluster munitions)
- (b) 'poor ESG practices' exclusions, where companies are excluded for systemic breaches of responsible investment standards.

In addition, the Fund 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 the government.

More information is available on our website: <https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/exclusions>.

Selection			
SAM 05	Mandatory	Core Assessed	PRI 1-6
SAM 05.1	Indicate whether your organisation and/or your investment consultant typically do any of the following in the manager selection process for listed equity and/or fixed income.		
	General		

	LE	SSA		Corporate (non-financial)	Securitised
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's responsible investment reporting to clients and/or the public, (excluding PRI)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Review the manager's PRI Transparency or Assessment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the type of ESG reporting you expect	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Assign specific weighting to ESG factors in your manager evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other general aspects in your selection process, specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

	LE	SSA		Corporate (non-financial)	Securitised
Evaluate the quality and coverage of ESG research used by managers	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Assess how the manager incentivises brokers to provide ESG research	<input type="checkbox"/>				
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Evaluate index providers' ESG incorporation when designing the index	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Other ESG incorporation issues in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Engagements

	LE	SSA		Corporate (non-financial)	Securitised
Discuss with the manager the historic interactions they have had with the investee entities	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Discuss the comprehensiveness of managers' engagement processes	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Discuss the role managers have played in influencing investee entities' ESG practices and performance	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Discuss the escalation strategies the manager deploys in case of insufficient ESG performance	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Discuss how information gained through engagement is incorporated into investment decision-making	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Other engagement issues in your selection process, specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

(Proxy) voting

	LE
Discuss the managers' voting processes	<input checked="" type="checkbox"/>
Discuss how information gained through research for (proxy) voting is used in investment-decision making	<input checked="" type="checkbox"/>
Discuss whether the manager is able to deploy the asset owner's proprietary voting policy or aligning its voting policy with the asset owner's investment beliefs and strategy	<input checked="" type="checkbox"/>
Other (proxy) voting issues in your selection process, specify	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

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

For active NZ fund managers we require the manager to provide a recommendation on voting but we vote our NZ portfolios internally. Our international equity managers vote according to their own guidelines and report the outcomes to us, including where there is deviation from ISS recommendations.

We employ BMO Asset Management to engage with companies, on a global basis, that are prioritised according to breaches of ESG standards or high ESG risks. We also engage directly with companies.

We believe engagement is relevant regardless of whether the company issues bonds or equities and is therefore applicable to both equity and fixed income portfolios.

SAM 05.2	Please describe the level of experience board members/trustees/chief-level staff have with incorporating ESG factors into investment decision-making processes.
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Board members and Executive Management have RI inductions and education sessions during their tenure. Our CEO has 9 years, and our CIO has 7 years, experience in the oversight of RI strategy development and execution.

Monitoring

SAM 07	Mandatory	Core Assessed	PRI 1
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SAM 07.1	Indicate whether your organisation and/or your investment consultant in the dialogue and monitoring of your external manager typically do any of the following.
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	General
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	LE	SSA		Corporate (non-financial)	Securitised
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Discuss if the manager has acted in accordance with your overall investment beliefs on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Discuss if the manager has acted in accordance with your organisation's overall strategy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss if the manager has acted in accordance with your organisation's overall policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Review the manager's responsible investment reporting (excluding PRI)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's PRI Transparency or Assessment reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review ESG characteristics of the portfolio	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Review the impact of ESG issues on financial performance	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

	LE	SSA		Corporate (non-financial)	Securitised
Request information on ESG incorporation in specific investment decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Other ways you monitor ESG incorporation, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Engagements

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

(Proxy) voting

	LE
Review the number or percentage of votes cast	<input checked="" type="checkbox"/>
Request an explanation of reasons for votes cast	<input checked="" type="checkbox"/>
Discuss whether companies were informed of the reasons for votes against management recommendations or abstentions/withheld votes	<input type="checkbox"/>
Review the number of resolutions on ESG issues filed or co-filed	<input checked="" type="checkbox"/>
Discuss the changes in company practice (outcomes) that have been achieved from voting activities	<input type="checkbox"/>
Other ways you monitor (proxy) voting activities, specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

SAM 07.2

Provide additional information relevant to your organisation's dialogue and monitoring of external managers.

Please note that:

- We review the ESG characteristics of the portfolio for some managers (not all). In addition, MSCI has provided us with a portfolio analytics report across the listed equities portfolio.
- We review the impacts of our exclusions on financial performance.
- The other way we monitor ESG incorporation is by monitoring our exclusions.
- While we expect our managers to be engaging with companies, we also undertake direct engagement ourselves and have hired the engagement services of BMO Asset Management. ACSI also undertakes engagement on behalf of its members.
- Some managers are better than others when it comes to informing companies of the reasons for votes against management or abstentions/withheld votes.
- Sometimes, but not always, the changes in company practices due to voting activities are discussed by managers with companies.

SAM 08

Mandatory

Core Assessed

PRI 2

SAM 08.1

For the listed equities where you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year.

☉ We track or collect this information

Votes cast (to the nearest 5%)

%

100

Specify the basis on which this percentage is calculated

- ☒ Of the total number of ballot items on which they could have issued instructions
- ☐ Of the total number of company meetings at which they could have voted
- ☐ Of the total value of your listed equity holdings on which they could have voted
- ☐ We do not track or collect this information

Private equity (PE), property (PR) and infrastructure (INF)

Selection

SAM 09

Mandatory

Core Assessed

PRI 1-6

SAM 09.1

In your manager selection process for the following assets, indicate whether your organisation and/or your investment consultant typically take any of the following actions.

General

	PE		
Used the PRI's LP DDQ during discussions with managers as part of your selection process	<input checked="" type="checkbox"/>		
Review the manager's/general partner's responsible investment policy	<input checked="" type="checkbox"/>		
Discuss the manager's governance and management of responsible investment	<input checked="" type="checkbox"/>		
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>		
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>		
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>		
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>		
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	<input checked="" type="checkbox"/>		
Review the manager's responsible investment disclosure, excluding PRI reporting	<input checked="" type="checkbox"/>		
Review the manager's PRI Transparency or Assessment reports	<input checked="" type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation, specify in 09.2	<input checked="" type="checkbox"/>		
Other general aspects in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	<input checked="" type="checkbox"/>		
Other pre-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	<input checked="" type="checkbox"/>		
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	<input checked="" type="checkbox"/>		
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	<input checked="" type="checkbox"/>		
Other post-investment aspects reviewed in your selection process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

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

With certain high risk investment portfolios we build ESG reporting templates into the investment LPA/mandate.

SAM 09.2

Provide additional information on how weighting of ESG factors in your manager evaluation are applied.

Our RI Guidelines for PE assist our due diligence process and are the basis for building RI conviction in a manager. The RI Guidelines are divided into pre-investment and post-investment activities.

Pre-investment activities cover:

- Due diligence of GPs: For example, reviewing a managers RI policy, looking at examples of how they have addressed ESG issues in the past, assessing their understanding of ESG issues, assessing their communication strategy, ability to incorporate exclusions. The PRI's LP Due Diligence Questions are built into our PE Guidelines.
- Private Market Manager Conviction: We have developed RI criteria that are aligned with our Manager Conviction process. Managers receive an RI rating which is periodically updated and integrated into the annual manager conviction review, influencing the overall conviction score. RI conviction in the managers also takes account of the level of ESG risk associated with the investment strategy and the managers ability to manage these risks.
- Fund mandates and legal clauses: Once a PE manager is selected, RI requirements are applied to mandates and more specific requirements may be included depending on the degree of ESG risk.

Post-investment activities cover:

- Monitoring and ongoing Conviction: Manager conviction views are undertaken annually and RI reviews feed into this process. Managers dropping below a certain conviction score threshold are put on watch, engaged with and may be exited.

Appointment

SAM 10	Voluntary	Additional Assessed	PRI 4
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SAM 10.1	When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:
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	General
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	PE		
Acting in accordance with your organisation's overall investment beliefs on responsible investment and ESG issues	<input type="checkbox"/>		
Acting in accordance with your organisation's overall strategy on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Acting in accordance with your organisation's overall policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Other general RI considerations in your agreements, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

	Investment selection (pre-investment) of underlying holding
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	PE		
Specific requirements relating to how ESG issues are identified and managed in investment decision-making	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment selection in your agreements, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

	Investment monitoring (post-investment) of underlying holding
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	PE		
Specific requirements relating to the manager supporting or influencing the underlying holdings' management of ESG factors	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment monitoring in your agreements, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Reporting

	PE		
Reporting on the agreed ESG implementation activities	<input checked="" type="checkbox"/>		
Reporting on the ESG characteristics of the portfolio	<input type="checkbox"/>		
Reporting on company incidents relating to ESG issues	<input checked="" type="checkbox"/>		
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>		
Other RI considerations relating to reporting in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

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

Some portfolios with higher ESG risks are required to report on underlying metrics or ESG assessments of investments. e.g. quarterly reporting including a section on ESG, specific ESG indicators for safety, water use or greenhouse gas emissions management.

Monitoring

SAM 11

Mandatory

Core Assessed

PRI 1-6

SAM 11.1

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:

General

	PE		
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>		
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>		
Review manager's responsible investment reporting excluding PRI	<input checked="" type="checkbox"/>		
Review the manager's PRI Transparency or Assessment reports	<input checked="" type="checkbox"/>		
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>		
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input checked="" type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input checked="" type="checkbox"/>		
Other general aspects of your monitoring, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	<input checked="" type="checkbox"/>		
Other ways ESG issues are incorporated in the pre-investment process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	<input checked="" type="checkbox"/>		
Request examples of ESG issues identified within the portfolio and action taken in response	<input checked="" type="checkbox"/>		
Request details of how ESG factors were considered when preparing to exit from investments	<input type="checkbox"/>		
Other ways ESG issues are monitored in the post-investment process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Outputs and outcomes

SAM 12	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6
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SAM 12.1	Indicate approximately what percentage (+/- 5%) of your externally managed assets are managed by PRI signatories.
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	%
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57

SAM 13	Voluntary	Descriptive	PRI 2
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SAM 13.1	Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.
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☒ Add Example 1

Topic or issue	Review of environmental indicators
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – securitised <input checked="" type="checkbox"/> Private equity
Scope and process	The manager IMA required regular reviews of ESG indicators of investments including water use, methane capture and safety.
Outcomes	Greater understanding of exposure to environmental and safety risks. The manager is actively engaged with companies and now requires regular reporting on ESG indicators.

☒ Add Example 2

Topic or issue	Corporate governance issues
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – securitised <input type="checkbox"/> Private equity
Scope and process	We had detailed dialogue with our New Zealand Listed Equity managers on their corporate governance policies, engagement and voting recommendations.
Outcomes	Mitigation of corporate governance risk.

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

Communication

SAM 14	Mandatory	Core Assessed	PRI 6
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SAM 14.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.
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☒ Yes, we disclose information publicly

	provide URL
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<https://www.nzsuperfund.co.nz/how-we-invest/responsible-investment>

	provide URL
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<https://www.nzsuperfund.co.nz/publications/annual-reports>

SAM 14.2	Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.
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☒ Yes

SAM 14.3	Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.
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- ☒ How responsible investment considerations are included in manager selection, appointment and monitoring processes
- ☒ Details of the responsible investment activities carried out by managers on your behalf
- ☐ E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
- ☐ Other, specify

☐ No

☐ Yes, we disclose information to clients/beneficiaries only

☐ We do not proactively disclose information to the public and/or clients/beneficiaries

SAM 14.4	Additional information. [Optional]
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We report through a dedicated Responsible Investment section on our website, in our annual reports and other sections on our website where pertinent. For example, publications, Statement of Policies, Standards and Procedures, and also the UNPRI Transparency Report. Voting activity by managers is reported at an aggregated level.

New Zealand Superannuation Fund

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway	PRI 1
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LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)
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ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied	<div> <div></div> <div>%</div> </div> <div>100</div>
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- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

	Total actively managed listed equities
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100%

LEI 03.2	Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.
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We believe ESG factors can impact investment performance over the long-term. Our approach is to integrate ESG into long-term fundamental analysis through company research, income forecasts, scenario analysis, valuations, buy/sell/hold recommendations, sizing and engagement plans.

Exclusion decisions are based on a clear process and principles that are set out in our Responsible Investment Framework. International conventions, New Zealand law, Crown actions, and companies' involvement and activities, are key factors in our decision-making process.

LEI 04	Voluntary	Additional Assessed	PRI 1
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LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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Type of ESG information

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Country-related analysis or ratings
- ☒ Screened stock list

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

LEI 04.3

Indicate if you incentivise brokers to provide ESG research.

- ☐ Yes
- ☒ No

LEI 04.5	Additional information.
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We have not indicated that we receive country-related analysis or ratings. This is because our internally managed listed equity holdings are all in New Zealand.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

☒ Negative/exclusionary screening

Screened by

- ☒ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☐ Corporate governance

Description

Exclusion decisions are based on a clear process and principles that are set out in our Responsible Investment Framework. International conventions, New Zealand law, Crown actions, and companies' involvement and activities, are key factors in our decision-making process.

There are two types of exclusions:

(a) 'product' exclusions, where companies are excluded based on the products they make. Currently, companies that are directly involved in the following activities are excluded from the Fund:

- the manufacture of cluster munitions
- the manufacture or testing of nuclear explosive devices (NEDs)
- the manufacture of anti-personnel mines
- the manufacture of tobacco
- the processing of whale meat.

(b) 'poor ESG practices' exclusions, where companies are excluded for systemic breaches of responsible investment standards. Exclusion on the basis of poor ESG practices is a last resort, factoring in the likely success of engagement, the materiality of the issue and our desire to, as a relatively small investor in global terms, focus our limited resource on companies where we believe we can make a difference.

Decisions to exclude companies from the Fund are made public along with the reason why.

More information is available on our website: <https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/exclusions>.

☒ Positive/best-in-class screening

Screened by

- ☐ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
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We use EIRiS, ISS ACSI and in-house research to identify ESG leaders.

☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☐ The UN Guiding Principles on Business and Human Rights
- ☐ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☐ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
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EIRiS research helps us to identify if there have been any breaches of the UN Global Compact Principles by NZ companies. This research informs our engagement strategy.

LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

When we do make a decision to engage or exclude, our decision is based on the clear process and principles that are set out in our Responsible Investment Framework which is publically available (<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf>).

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 08**Voluntary****Additional Assessed****PRI 1****LEI 08.1**

Indicate which processes your organisation uses to ensure that fund criteria are not breached

- ☒ Systematic checks are performed to ensure that stocks meet the funds' screening criteria.
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

LEI 08.2

If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.

A breach will be picked up by either our Custodian or one of the Operational Staff. They will then inform the relevant investment professional as well as the investment manager. The investment manager is then required to exit the stock as soon as possible.

(C) Implementation: Integration of ESG issues

LEI 10**Mandatory****Core Assessed****PRI 1****LEI 10.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues	
	Environmental	<div>Environmental</div> <ul style="list-style-type: none"> <input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
	Social	<div>Social</div> <ul style="list-style-type: none"> <input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
	Corporate Governance	<div>Corporate Governance</div> <ul style="list-style-type: none"> <input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

LEI 12	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 1
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LEI 12.1

Indicate into which aspects of investment analysis you integrate ESG information.

- ☐ (Macro) economic analysis
- ☒ Industry analysis
- ☒ Systematically
 - ☐ Occasionally
- ☒ Analysis of operational management
- ☒ Systematically
 - ☐ Occasionally
- ☒ Analysis of company strategy
- ☒ Systematically
 - ☐ Occasionally
- ☐ Portfolio construction
- ☒ Fair value/fundamental analysis
- ☒ Systematically
 - ☐ Occasionally

LEI 12.2b

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.

- ☒ Adjustments to income forecasts (sales, earnings, cash flows)
- ☐ Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- ☐ Other adjustments to fair value projections, specify

LEI 12.4b

Describe the methods you have used to adjust the income forecast / valuation tool

We identify and assess ESG factors that are most relevant for companies and evaluate the impact either in our central valuation or scenario analysis.

- ☐ Other, specify

ESG incorporation in passively managed listed equities**LEI 13****Mandatory to Report Voluntary to Disclose****Descriptive****PRI 1****LEI 13.1**

Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.

- ☐ Yes
- ☒ No

Outputs and outcomes**LEI 14****Voluntary****Descriptive****PRI 1**

LEI 14.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
-----------------	---

☒ Screening

	Describe any reduction in your starting investment universe or other effects.
--	---

Currently no NZ companies are excluded, therefore the impact is nil.

	Specify the percentage reduction (+/- 5%)
--	---

	%
--	---

0

☒ Integration of ESG issues

	Select which of these effects followed your ESG integration:
--	--

- ☒ Reduce or prioritise the investment universe
- ☒ Overweight/underweight at sector level
- ☒ Overweight/underweight at stock level
- ☒ Buy/sell decisions
- ☐ Other, specify
- ☐ None of the above

LEI 14.2	Additional information.
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Our approach is to integrate ESG into long-term fundamental analysis through company research, income forecasts, scenario testing, valuations, buy/sell/hold recommendations, sizing and engagement plans.

Communication

LEI 17	Mandatory	Core Assessed	PRI 2,6
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LEI 17.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
-----------------	---

☒ We disclose it publicly

	Provide URL
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<https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/integration>

Provide URL

<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/White%20Paper%20ESG%20Beliefs.pdf>

LEI 17.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEI 17.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

LEI 17.4

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
- ☒ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

LEI 17.7

Additional information. [Optional]

Integration achievements and priorities are reported in the Responsible Investment report within the Annual Report. Changes to our exclusion list are reported biannually on our website, as are our voting reports. There is a dedicated part of our website that is regularly updated with relevant information.

In November 2015 we published a white paper titled "Why we believe responsible investing pays off". The paper explores the foundations and implications of the belief that responsible investing is good for the portfolio.

New Zealand Superannuation Fund

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Engagement

Overview

LEA 01	Mandatory	Core Assessed	PRI 2
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LEA 01.1 Indicate whether your organisation has a formal engagement policy.

☒ Yes

LEA 01.2 Indicate what your engagement policy covers:

- ☐ Conflicts of interest
- ☒ Prioritisation of engagements
- ☐ Transparency
- ☒ Environmental factors
- ☒ Social factors
- ☒ Governance factors
- ☐ Other, describe
- ☐ None of the above

LEA 01.3 Please attach or provide a URL to your engagement policy. [Optional]

URL

<https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/engagement>

Attach document

[NZSF-Engagement-process.pdf](#)

LEA 01.4 Provide a brief overview of your organization's approach to engagement

Our portfolio monitoring service identifies companies that have breached - or might breach - recognised ESG standards. We then assess this information, along with data from other sources, to determine whether we should include the company in our engagement programme - through which we seek improvements from companies and play a role in influencing change.

One of the key factors we consider when prioritising our engagement efforts is whether the breach is of international standards or represents a high / significant ESG risk, i.e. is it: long-term or short-term; historic or ongoing; isolated or endemic.

Other factors we take into account include:

- Our ability to participate in collaboration through the UNPRI clearinghouse led by other peers or as a co-lead;
- Our ability to engage directly with the company;

- The potential effectiveness of the engagement; and
- The resources required.

☐ No

LEA 01.5 Additional information [optional]

The schematic which outlines our approach to engagement (attached above) can be found on our public website here: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/NZSF-Engagement-process.pdf>.

LEA 02

Mandatory

Gateway

PRI 1,2,3

LEA 02.1

Indicate your reasons for interacting with companies on ESG issues and indicate who carries these interactions out.

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

LEA 02.2 Additional information. [Optional]

We carry out our engagement program in three ways: 1) we engage with companies directly ourselves; or 2) we engage through collaborative efforts; and 3) we employ BMO as a service provider.

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

LEA 03.2 Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.

- ☒ Geography/market of the companies targeted
- ☒ Materiality of ESG factors
- ☒ Systemic risks to global portfolios
- ☒ Exposure (holdings)
- ☒ In reaction to ESG impacts which has already taken place
- ☐ As a response to divestment pressure
- ☐ Other, describe

☐ No

LEA 03.3 Additional information. [Optional]

Systemic risks are governance and climate change risks.

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1 Indicate if you define specific objectives for your engagement activities.

- ☒ Yes
- ☒ Yes, for all engagement activities
 - ☐ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ No

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
- ☒ Yes, in all cases
 - ☐ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases
- ☐ No

LEA 04.3 Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.

☒ Yes

LEA 04.4

Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities.

- ☒ Define timelines of the milestones and goals
- ☒ Tracking, monitoring progress against defined milestones and goals
- ☒ Establish a process for when the goals are not met
- ☒ Revisit and revise if necessary goals on continuous basis
- ☐ Other, please specify

☐ No

Process for engagements conducted via collaborations

LEA 05**Mandatory****Core Assessed****PRI 2****LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements

☒ Yes

LEA 05.2

Describe the criteria used to identify and prioritise collaborative engagements

- ☐ Potential to learn from other investors
- ☐ Ability to add value to the collaboration
- ☐ Geography / market of the companies targeted
- ☒ Materiality of ESG factors
- ☐ Systemic risks to global portfolios
- ☐ Exposure (holdings)
- ☒ In reaction to ESG impacts which has already taken place
- ☐ As a response to divestment pressure
- ☐ Other, describe

☐ No

LEA 06**Mandatory****Core Assessed****PRI 2****LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

- ☒ Yes
 - ☒ Yes, for all engagement activities
 - ☐ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ No

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

- ☒ Yes
- ☒ Yes, in all cases
 - ☐ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases
- ☐ No

LEA 06.3

Indicate whether your organisation defines milestones and goals related to engagement activities carried out via collaborations.

- ☒ Yes

LEA 06.4

Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities.

- ☒ Define timelines of the milestones and goals
 - ☒ Tracking, monitoring progress against defined milestones and goals
 - ☒ Establish a process for when the goals are not met
 - ☒ Revisit and revise if necessary the goals on continuous basis
 - ☐ Other, please specify
- ☐ No

Process for engagements conducted with/on your behalf by service providers**LEA 07****Mandatory****Core Assessed****PRI 2,4****LEA 07.1**

Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- ☒ Yes

LEA 07.2

Indicate what role you play in engagements that your service provider conducts on your behalf.

- ☒ Discuss the topic (or ESG issue(s)) of engagement
 - ☒ Discuss the rationale for engagement
 - ☒ Discuss the objectives of the engagement
 - ☒ Select the companies to be engaged with
 - ☒ Discuss the frequency/intensity of interactions with companies
 - ☒ Discuss progress towards the engagement objectives
 - ☒ Monitor and review outcomes that have been achieved from the engagement
 - ☒ Discuss next steps for engagement activity
 - ☐ Participate directly in a sample of engagements with your service provider
 - ☐ Other, specify
- ☐ No

LEA 07.3	Additional information. [Optional]
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We receive quarterly reports from BMO followed by quarterly calls to discuss progress, priority companies, and upcoming activities.

In addition, we are members of ACSI, an association that conducts engagement with companies on ESG issues.

LEA 08	Mandatory	Core Assessed	PRI 2,6
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LEA 08.1	Indicate whether you monitor and/or discuss the following information provided to you by your service provider
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Please select all that apply

- ☒ The subject (or ESG issue(s)) of engagement
- ☒ The objectives of the engagement
- ☒ The rationale for engagement
- ☒ The frequency/intensity of interactions with companies
- ☒ Progress towards achieving engagement goals
- ☒ Outcomes that have been achieved from the engagement
- ☒ Next steps for engagement activity
- ☐ Other, specify
- ☐ None of the above

General processes for all three groups of engagers			
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LEA 09	Voluntary	Additional Assessed	PRI 1,2
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LEA 09.1	Indicate if insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.
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Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Service provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 09.2 Additional information. [Optional]

Engagement with NZ companies is generally led by our internal staff or external managers. Our NZ engagement tracker document and our BMO quarterly reports are available to all staff on our internal intranet and presented to the Investment Committee on a six monthly basis.

LEA 10

Mandatory

Gateway

PRI 2

LEA 10.1

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements
Service provider engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements

Communication

LEA 16

Mandatory

Core Assessed

PRI 2,6

LEA 16.1

Indicate whether your organisation proactively discloses information on its engagements.

- ☒ We disclose it publicly

provide URL

<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/NZ%20Super%20Fund%202014-15%20Annual%20Report.pdf>

LEA 16.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☒ Yes

LEA 16.3

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

- ☒ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☒ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☐ An assessment of the current status of the engagement
- ☐ Outcomes that have been achieved from the engagement
- ☐ Other information

LEA 16.4

Indicate how frequently you typically report engagements information.

- ☐ Disclosed continuously (prior to and post engagements)
- ☒ Disclosed quarterly or more frequently
- ☐ Disclosed biannually
- ☐ Disclosed annually
- ☐ Disclosed less frequently than annually
- ☐ Ad hoc/when requested
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 16.8

Additional information. [Optional]

Annual table in Annual Report and BMO Quarterly reports.

(Proxy) voting and shareholder resolutions
Overview
LEA 17**Mandatory****Gateway****PRI 1,2,3****LEA 17.1**

Indicate whether your organisation has a formal voting policy.

- ☒ Yes

LEA 17.2 Indicate what your voting policy covers:

- ☒ Conflicts of interest
- ☒ Prioritisation of voting activities
- ☒ Transparency
- ☒ Decision making processes
- ☒ Environmental factors
- ☒ Social factors
- ☒ Governance factors
- ☐ Securities lending process
- ☐ Other, describe
- ☐ None of the above

LEA 17.3 Please attach or provide a URL to your voting policy. [Optional]

URL

<https://www.nzsuperfund.co.nz/performance-esg-management/voting-reports>

LEA 17.4 Provide a brief overview of your organization's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

Our focus is on encouraging good corporate governance and on protection of shareholder rights in the markets in which we invest. Our voting forms part of this strategy along with engagement on corporate governance with companies, investors and relevant regulatory and market bodies.

NZ is a priority where we vote directly drawing on the recommendations of our managers and our proxy voting agency. We also vote globally by instructing our managers to vote according to their policies or that of a proxy voting agency, depending on the manager's skills set. Our Guidelines include those of the NZ Corporate Governance Forum and ISS recommendations. The OECD Principles of Corporate Governance and the ICGN Global Governance Principles provide a foundation for our Guidelines.

☐ No

Process

LEA 18	Mandatory	Descriptive	PRI 2
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LEA 18.1 Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

Approach

☐ We use our own research or voting team and make our own voting decisions without the use of service providers.

☒ We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.

	Based primarily on
--	--------------------

- ☒ the service provider voting policy signed off by us
- ☐ our own voting policy
- ☐ our clients' requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) that make voting decisions on our behalf.

LEA 18.2	Additional information.[Optional]
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For International external managers, we instruct them on the policy they should use in implementing voting - generally the manager's own policy or that of a proxy voting advisor depending on the manager's capabilities. For New Zealand managers, we take recommendations from our external NZ managers and make the final voting decision ourselves. We also use ISS's research and recommendations to inform our decisions.

LEA 21	Voluntary	Additional Assessed	PRI 2
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LEA 21.1	Indicate if your organisation has a securities lending programme.
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- ☐ Yes
- ☒ No

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
-----------------	---

- ☐ Yes, in most cases
- ☒ Sometimes, in the following cases:
 - ☒ votes in selected markets
 - ☐ votes on certain issues (all markets)
 - ☐ votes for significant shareholdings (all markets)
 - ☐ Votes for companies we are engaging with
 - ☐ other, explain
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 22.2	Additional information. [Optional]
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We publish our policy on our website. In the New Zealand market where we vote directly, we inform companies of voting decisions pre and/or post AGM. During 2015 we have been active in communicating our expectations to companies in meetings and through the NZ Corporate Governance Forum Guidelines which we were actively involved in developing.

External investment managers also engage with companies about their policies and voting decisions and provide feedback to us through reporting and/or recommendations.

Outputs and outcomes

LEA 23	Mandatory	Core Assessed	PRI 2
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LEA 23.1

For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- ☒ We do track or collect this information

Votes cast (to the nearest 1%)

%

97

Specify the basis on which this percentage is calculated

- ☒ of the total number of ballot items on which you could have issued instructions
- ☐ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted
- ☐ We do not track or collect this information

LEA 24	Voluntary	Descriptive	PRI 2
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LEA 24.1

Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

- ☒ Yes, we track this information

LEA 24.2

Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	<div> <div></div> <div>%</div> </div> 90
Against (opposing) management recommendations	<div> <div></div> <div>%</div> </div> 9
Abstentions	<div> <div></div> <div>%</div> </div> 1

100%

LEA 24.3 For the reporting year, describe your approach towards voting on shareholder resolutions.

See previous description of voting approach.

☐ No, we do not track this information

LEA 25	Voluntary	Descriptive	PRI 2
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LEA 25.1 Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

☐ Yes

☒ No

Communication

LEA 27	Mandatory	Core Assessed	PRI 2,6
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LEA 27.1 Indicate if your organisation proactively discloses information on your voting activities.

☒ We disclose it publicly

provide URL

<https://www.nzsuperfund.co.nz/performance-esg-management/voting-reports>

LEA 27.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

LEA 27.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☐ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☒ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☒ Only explain abstentions and votes against management
- ☐ No explanations provided

LEA 27.4

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☒ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/as requested
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LEA 27.8

Additional information. [Optional]

Submissions to regulators or listing agencies on NZ corporate governance are also made public on our website: <https://www.nzsuperfund.co.nz/publications/submissions>