



## **PRIVATE TRANSPARENCY REPORT**

**2024**

**New Zealand Superannuation Fund**

Generated 25-11-2024

# About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors. PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The private Transparency Reports, which are produced using signatories' reported information, support signatories to have internal discussions about their practices. Signatories can also choose to make these available to clients, beneficiaries, and other stakeholders.

This private Transparency Report is an export of your responses to the PRI Reporting Framework during the 2024 reporting period. It includes all responses (public and private) to core and plus indicators.

In response to signatory feedback, the PRI has not summarised your responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options that you selected are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

## Disclaimers

### Legal Context

PRI recognises that the laws and regulations to which signatories are subject differ by jurisdiction. We do not seek or require any signatory to take an action that is not in compliance with applicable laws. All signatory responses should therefore be understood to be subject to and informed by the legal and regulatory context in which the signatory operates.

### Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

### Data accuracy

This document presents information reported directly by signatories in the 2024 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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# SENIOR LEADERSHIP STATEMENT (SLS)

## SENIOR LEADERSHIP STATEMENT

### SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

#### Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

The Guardians of New Zealand Superannuation has a long-standing commitment to Responsible Investment (RI) that is informed by our statutory mandate to administer the Fund on a prudent, commercial basis and, in doing so, 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 member of the world community. We have now moved to a Sustainable Investment (SI) approach.

One of our key investment beliefs is that environmental, social and governance (ESG) considerations, including climate change, are fundamental to long-term risk and return. As a long-term investor, we are committed to active ownership and the promotion of good governance for the overall health of the capital markets. The Guardians' Board recognises that best practice includes supporting the goal of transitioning to a sustainable financial system, as reflected in our organisational purpose: Sustainable investment delivering strong returns for all New Zealanders.

The Sustainable Finance goal, approved by the Board, is: The Guardians incorporates sustainability considerations into investment decision-making and supports the development of a sustainable financial system. This means: i) incorporating ESG into investment decisions, with the intention of advancing sustainability whilst fulfilling our financial purpose; ii) considering the impact of ESG on our investments, and the impact of our investments on society and the environment; iii) working with others to overcome barriers to a sustainable financial system.

Our recent Guardians for the Future strategy established key principles and focus areas to guide our organisational culture, systems, thinking and decision-making within the context of an uncertain future. Our strategy explicitly acknowledges climate change as major source of uncertainty, along with the need for an adaptive approach to managing systemic risks and opportunities in support of our purpose.

Our approach to SI is governed by our Statement of Investment Policies, Standards and Procedures (SIPSP), including a specific section which defines SI activities and references our SI Framework as the basis for implementation. The Board, CEO, CIO, leadership team and Investment Committee have oversight of the SI Framework and integration of SI into investment decisions. The Head of SI reports directly to the CIO, annually to the Investment Committee and annually to the Board, which is the ultimate owner of the SIPSP and SI Framework. Changes to investment policies or the SI Framework must be approved by the Board. The Board includes SI in its strategic goal setting and has education sessions on SI topics. The Risk Committee provides additional oversight of ESG issues across the broader business and organisational environment.

SI and ESG considerations are integrated across the Fund's investment activities and asset classes. SI is integrated into portfolio design through the way we analyse and define investment opportunities, allocate risk budgets, conduct investment selection and due diligence, and through ownership activities, such as managing our external investment managers, exercising our voting rights and engaging with companies to improve their ESG policies and practices.

Our work programme is led by the SI team as a central resource of ESG expertise, while other investment professionals have their own responsibilities to integrate ESG issues within investment analysis, decision-making and management. Corporate Strategy (including Communications and Legal) and the Investment Operations (including Risk) teams provide relevant support for the SI work undertaken.

The Guardians has long considered how to take climate into account in designing our investment approach, recognising climate change as an investment risk since 2006. We became a signatory to the Carbon Disclosure Project in 2007. We deepened our analysis of climate change as a systemic risk in 2014, supporting research by Mercer. Since 2016 we have implemented and refined our Climate Change Investment Strategy (CCIS), committing to publish our portfolio carbon footprint each year and setting carbon reduction targets.

In 2021, the Guardians committed to achieve net zero by 2050, with interim reduction targets, and we signed the Paris Aligned Net Zero Asset Owners Commitment. In 2022 we moved our passive global equities to MSCI Paris Aligned indices as our benchmark, because we found that these indices offered compelling improvements to a range of ESG and carbon metrics. We continue to work to improve the ESG profile of our other asset classes, including alignment with net zero.

In this assessment, we refer to the Guardians as the manager of the NZ Super Fund. The NZ Super Fund (NZSF or the Fund) is the portfolio of assets.

## Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policymakers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

Our key SI issues are: climate change; improving the portfolio's ESG performance; transitioning from an RI approach to SI; supporting the development of a sustainable financial system.

In June 2023, we completed the final phase of a 3-year review our RI approach that covered the requirements of our mandate, evolving best practice, options to improve the portfolio's ESG profile and increase the number/scale of impact investments. The review led to significant changes to our portfolio in FY2022/23, including implementation of a Board decision to shift our benchmark Reference Portfolio (RP) of global passive equities to MSCI's Paris Aligned Benchmark (PAB) indices. The shift meant the largest part of the portfolio, ~40% of AUM, is in indices designed to facilitate achieving net zero by 2050. We chose off-the-shelf (rather than custom) indices to support the market's development. PAB indices result in a portfolio with fewer constituents with better ESG characteristics. We were one of the first asset owners to adopt a PAB at scale.

In 2023 we worked with external managers on options to improve the ESG profile of multi-factor equity mandates. These mandates (~19% of AUM) are systematically managed to enhance performance by overweighting factors such as value and quality. We decided to change the investment universe to the MSCI World (or equivalent) from the previous MSCI World IMI universe, reducing the number of constituents by about two thirds while still providing exposure to desired factors. We adopted the MSCI PAB Index as the multi-factor mandate benchmark and set out expectations that managers design portfolios to produce ESG outcomes at least as ambitious as the PAB Index. The changes, implemented in the second half of 2023, are expected to improve the ESG profile of multi-factor portfolios without negatively affecting financial performance.

In FY2023/24 we continued to develop our Impact Investment Framework, covering qualification, analysis, and management of Impact investments, based on global good practice for asset owners (Five Dimensions of Impact, Global Impact Investing Network (GIIN) Iris+ metrics). We developed our definition of Impact Investments: Investments made with the intent to deliver measurable positive social and/or environmental impacts, and the Fund's required financial return. We increased the number of Impact Investments through integration across our portfolio, in addition to a dedicated investment category, Sustainable Transition Opportunity.

We continued to make progress in our other focus areas, including:

- Having signed the Paris Aligned Asset Owners Net Zero Asset Owners Commitment in 2021 and submitted a climate action plan in 2022, we completed the PAAO's progress survey in 2023. The PAAO progress report was released in May 2024. In 2024 we submitted on the next evolution of the Net Zero Investment Framework (NZIF 2.0).
- Published our annual Climate Change Report and portfolio carbon footprint (October 2023). The carbon footprint reported a 59.7% reduction in emissions intensity and 98.8% reduction in potential emissions from fossil fuel reserves, compared with 2025 targets of 40% and 80%.
- Having supported development of NZ's climate-related disclosures (CRD) regime as a member of the External Reporting Board's advisory panel, we have had an internal working group working on the governance and reporting requirements to align our climate reporting with the NZ CRD regime, reporting to the Board's Audit Committee. Our 2024 Climate Change report and carbon footprint will be published in October.
- As a founding signatory of the NZ Stewardship Code, our first Stewardship Report will be published in 2024.
- Developed and implemented a collaborative climate change engagement programme with fellow NZ Crown Financial Institutions focused on NZX-listed top 50 companies. We issued a joint position statement on climate change in May 2023, wrote to NZX50 Chairs, engaged with stakeholders in June 2023. Company engagements are continuing.
- Sponsored the NZ Centre for Sustainable Finance, established to implement the NZ Sustainable Finance roadmap.
- Continued to monitor developments relating to a legislative regime on modern slavery in NZ.
- In July 2024 NZSF again achieved a 100% score in the Global SWF's GSR (Governance, Sustainability and Resilience) Scoreboard, one of 5 State-owned investors in the leader group. The GSR scoreboard assesses the practices of the world's major sovereign wealth funds and public pension funds against 25 criteria (transparency/accountability, governance, ethical standards/policies, alignment with sustainable development goals).
- In 2024 the 5-yearly independent review of the Guardians and NZSF was conducted by Willis Towers Watson, reporting to the NZ Treasury. It covers our investment approach, including SI and compliance with our legislated mandate. The review and our response will be released publicly in 2024.

### Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

Steps to advance our commitment to responsible (sustainable) investment in the next two years, include:

- Having moved the passive equities portfolio to Paris Aligned indices, in 2023, we addressed our quantitative multi-factor investment strategies, which represent ~19% of AUM. We worked with external managers to meet our carbon-reduction targets, – allowing them flexibility in how they achieve this goal as part of their wider investment strategies and investable universe. We continue to monitor the outcomes of these changes.



- In 2024 we reviewed the fixed income portfolio to seek opportunities to improve ESG incorporation. Fixed income assets (bonds) represent a considerably smaller portion of our portfolio than global equities. Fixed income assets (bonds) represent ~15% of the portfolio, although this varies with market fluctuations. The global bond market is evolving rapidly, and low-carbon or carbon-efficient bond indices are being developed. As part of the review, we considered options for ESG integration in fixed income, researched options for aligning our fixed income portfolios with our net zero commitment and explored bringing our (previously excluded) fixed income portfolio in scope of our carbon footprinting approach. We have decided to shift the corporate portion of our passive bond mandate to a climate benchmark. We are currently considering options, including an index that incorporates additional forward-looking metrics.
- We continue to develop and evolve our Impact Investment Framework and approach. The framework has a strict definition of impact. We will continue our search for impact investments that meet our criteria, in an integrated manner through our Opportunities approach and risk budget allocation. (By Opportunities, we mean categories of investment—we define an Opportunity as a feature of the investment environment that is conducive to generating positive risk-adjusted active returns). In addition to integrating consideration of impact in our analysis of Opportunities, we will reassess our existing direct investments to consider which qualify as Impact Investments.
- Develop our ESG and Impact data dashboard as the basis for reporting to the Investment Committee (IC), Board and externally. This includes mapping impact outcomes to the UN Sustainable Development Goals (SDGs).
- Continue to investigate the feasibility of a major direct private equity investment in an offshore wind project in New Zealand, which would not only be a major generator of renewable electricity but is expected to assist with further driving the decarbonisation of the local economy.
- Having completed a review of our external reporting in the ESG/Impact space, with a view to deciding on the best approach to sustainability reporting for 2024, we will produce our first Stewardship report as part of our external reporting in 2024.
- Reviewing and revising our annual Taskforce for Climate-related Financial Disclosures (TCFD)-aligned Climate Change Report to comply with the latest NZ Climate-Related Disclosure (CRD) requirements that are now mandatory for large entities in New Zealand for reporting periods that start from 1 January 2023. The NZ CRD standards broadly reflect those more recently issued by the International Sustainability Standards Board (ISSB) under the IFRS Foundation. We are working on CRD with our Finance team to ensure that the reporting approach is integrated into our broader financial and non-financial reporting protocols.
- Enhancing our external manager selection, assessment, and monitoring (SAM) approach, in respect to their ESG performance, for implementation in 2024.
- Reviewing and enhancing our approach to ESG stewardship, including voting and engagement.
- Building SI requirements and functions into our Investment Data and Analytics Programme (IDAP) to help enhance our integrated ESG data ecosystem.
- Testing application of the Taskforce for Nature-related Financial Disclosures (TNFD) Framework and tools, and further integrating nature-related risks and opportunities into our ESG incorporation, stewardship, and reporting.
- Continuing to refine our approach to including sustainable investment aspects into individual performance objectives and boosting staff training in this area. Members of the investment team are encouraged to undertake sustainable finance training. We reviewed and tested applicability of the PRI suite of training across our organisation and we are in the process of embedding these in our employee development offering.
- Developing a partnership with local independent research institutions, including planned research on systemic ESG-related risks.
- We are developing the next steps on our Sustainable Finance Roadmap and as part of this process we will incorporate the recommendations from the 2024 5-yearly independent review in respect of our sustainable investment approach.

#### Section 4. Endorsement

**'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.**

Name

Alex Bacchus

Position

Acting Chief Financial Officer

Organisation's Name

New Zealand Superannuation Fund

A

**'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.**

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# ORGANISATIONAL OVERVIEW (OO)

## ORGANISATIONAL INFORMATION

### REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	30	06	2024

## SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

# ASSETS UNDER MANAGEMENT

## ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 46,089,488,357.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

### Additional information on the exchange rate used: (Voluntary)

NZD75,630,929,369.1 @0.6094 (Source: Infoshare; 30 June 2024); AUMDataSource: GNZS Asset Allocation App > Risk Budget Dashboard > Asset Point Level Data (CurrentNAV @ 30 June 2024)

## ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PRIVATE	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	11.71%	38.99%
(B) Fixed income	14.63%	7.06%
(C) Private equity	1.18%	2%
(D) Real estate	0.59%	4.19%
(E) Infrastructure	0%	5.24%
(F) Hedge funds	0%	7.34%
(G) Forestry	2.2%	0.96%
(H) Farmland	0%	1.44%
(I) Other	2.38%	0.09%
(J) Off-balance sheet	0%	0%

**(I) Other - (1) Percentage of Internally managed AUM - Specify:**

Strategic Tilting; Portfolio Investment DA SIIM; Security Lending; Cash; Miscellaneous

**(I) Other - (2) Percentage of Externally managed AUM - Specify:**

Exploratory - PIMCO Carbon Credits

## ASSET BREAKDOWN: EXTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple	PRIVATE	Asset breakdown: Externally managed assets	GENERAL

Provide a further breakdown of your organisation's externally managed listed equity and/or fixed income AUM.

	(1) Listed equity	(2) Fixed income - SSA	(3) Fixed income - corporate	(4) Fixed income - securitised	(5) Fixed income - private debt
(A) Active	34.39%	0%	0%	0%	0%
(B) Passive	65.61%	0%	100%		

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2	CORE	OO 5, OO 5.1	SAM 3, SAM 8	PRIVATE	Asset breakdown: Externally managed assets	GENERAL

Provide a breakdown of your organisation's externally managed AUM between segregated mandates and pooled funds or investments.

	(1) Segregated mandate(s)	(2) Pooled fund(s) or pooled investment(s)
(A) Listed equity - active	100%	0%
(B) Listed equity - passive	100%	0%
(D) Fixed income - passive	100%	0%
(E) Private equity	20.5%	79.5%
(F) Real estate	51.07%	48.93%
(G) Infrastructure	92.37%	7.63%
(H) Hedge funds	11.72%	88.28%

## ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PRIVATE	Asset breakdown: Internally managed listed equity	GENERAL

**Provide a further breakdown of your internally managed listed equity AUM.**

(A) Passive equity 86.12%

(B) Active – quantitative 12.74%

(C) Active – fundamental 1.14%

(D) Other strategies 0%

## ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PRIVATE	Asset breakdown: Internally managed fixed income	GENERAL

**Provide a further breakdown of your internally managed fixed income AUM.**

(A) Passive – SSA 54.61%

(B) Passive – corporate 0%

(C) Active – SSA 45.39%

(D) Active – corporate 0%

(E) Securitised 0%

(F) Private debt 0%

## ASSET BREAKDOWN: INTERNALLY MANAGED PRIVATE EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 PE	CORE	OO 5	N/A	PRIVATE	Asset breakdown: Internally managed private equity	GENERAL

**Provide a further breakdown of your internally managed private equity AUM.**

(A) Venture capital 0%

(B) Growth capital 100%

(C) (Leveraged) buy-out 0%

(D) Distressed, turnaround or  
special situations 0%

(E) Secondaries 0%

(F) Other 0%

## ASSET BREAKDOWN: INTERNALLY MANAGED REAL ESTATE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 RE	CORE	OO 5	N/A	PRIVATE	Asset breakdown: Internally managed real estate	GENERAL

**Provide a further breakdown of your internally managed real estate AUM.**

(A) Retail 0%

(B) Office 0%

(C) Industrial 0%

(D) Residential 52.54%

(E) Hotel 47.46%

(F) Lodging, leisure and recreation	0%
(G) Education	0%
(H) Technology or science	0%
(I) Healthcare	0%
(J) Mixed use	0%
(K) Other	0%

## MANAGEMENT BY PRI SIGNATORIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6	CORE	OO 5	N/A	PRIVATE	Management by PRI signatories	GENERAL

**What percentage of your organisation's externally managed assets are managed by PRI signatories?**

90%

## GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

**How much of your AUM in each asset class is invested in emerging markets and developing economies?**

### AUM in Emerging Markets and Developing Economies

(A) Listed equity	(2) >0 to 10%
(B) Fixed income – SSA	(1) 0%
(C) Fixed income – corporate	(1) 0%
(F) Private equity	(1) 0%



(G) Real estate	(1) 0%
(H) Infrastructure	(2) >0 to 10%
(I) Hedge funds	(1) 0%

## STEWARDSHIP

### STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(2) Listed equity - passive	(3) Fixed income - active	(4) Fixed income - passive	(5) Private equity	(6) Real estate
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

  

	(7) Infrastructure	(8) Hedge funds	(9) Forestry	(10) Farmland	(11) Other
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(D) We do not conduct  
stewardship

## STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5	OO 9	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation have direct investments in listed equity across your hedge fund strategies?

- (A) Yes  
 (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

	(1) Listed equity - active	(2) Listed equity - passive
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active	(12) 100%
(B) Listed equity - passive	(12) 100%

## ESG INCORPORATION

### INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors, to some extent, into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(A) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - active - quantitative	<input checked="" type="radio"/>	<input type="radio"/>
(C) Listed equity - active - fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(E) Fixed income - SSA	<input checked="" type="radio"/>	<input type="radio"/>
(I) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(J) Real estate	<input checked="" type="radio"/>	<input type="radio"/>

(T) Forestry	<input checked="" type="radio"/>	<input type="radio"/>
(V) Other: Strategic Tilting; Portfolio Investment DA SIIM; Security Lending; Cash; Miscellaneous	<input checked="" type="radio"/>	<input type="radio"/>

## EXTERNAL MANAGER SELECTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager selection	1

For each externally managed asset class, does your organisation incorporate ESG factors, to some extent, when selecting external investment managers?

	(1) Yes, we incorporate ESG factors when selecting external investment managers	(2) No, we do not incorporate ESG factors when selecting external investment managers
(A) Listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income - passive	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(I) Forestry	<input checked="" type="radio"/>	<input type="radio"/>
(J) Farmland	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other: Exploratory - PIMCO Carbon Credits	<input checked="" type="radio"/>	<input type="radio"/>

## EXTERNAL MANAGER APPOINTMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager appointment	1

For each externally managed asset class, does your organisation incorporate ESG factors, to some extent, when appointing external investment managers?

	(1) Yes, we incorporate ESG factors when appointing external investment managers	(2) No, we do not incorporate ESG factors when appointing external investment managers
(A) Listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income - passive	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(I) Forestry	<input checked="" type="radio"/>	<input type="radio"/>
(J) Farmland	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other: Exploratory - PIMCO Carbon Credits	<input checked="" type="radio"/>	<input type="radio"/>

## EXTERNAL MANAGER MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager monitoring	1

For each externally managed asset class, does your organisation incorporate ESG factors, to some extent, when monitoring external investment managers?

	(1) Yes, we incorporate ESG factors when monitoring external investment managers	(2) No, we do not incorporate ESG factors when monitoring external investment managers
(A) Listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income - passive	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(I) Forestry	<input checked="" type="radio"/>	<input type="radio"/>
(J) Farmland	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other: Exploratory - PIMCO Carbon Credits	<input checked="" type="radio"/>	<input type="radio"/>

## ESG IN OTHER ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 15	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG in other asset classes	1

### Describe how your organisation incorporates ESG factors into the following asset classes.

Internally managed

#### (A) Forestry

We integrate ESG responsibilities through our governance role as a director on the Board. We also specify specific legal clauses in the mandate outlining ESG due diligence and post investment reporting. At times, we also visit sites in person to review their ESG practices. Forest Stewardship Council (FSC) represents the best practice standard we maintain.

#### (C) Other

Other equates to FX, Tilts, Synthetics and market neutral positions:

Exclusions including both ethical and climate related, apply where appropriate. In addition, we have shorted excluded companies which fall into the large market capitalization category.

Externally managed

#### (D) Forestry

ESG policies, practices and capabilities are part of the external manager selection and due diligence processes.

Typically, Forest Stewardship Council (FSC) certification, or equivalent PEFC, is expected.

Once a manager is selected, clauses requiring ESG requirements are brought into mandates and other legal documents.

As part of our post investment monitoring, we carry out 1-2 yearly ESG reviews of our managers and ESG performance of associated companies. The objective of the review is to assess and gain more awareness of the manager/investee companies' management of ESG issues and request improvements where appropriate. Managers are rated on ESG practices. The results of the review are integrated into our annual manager conviction review.

#### (E) Farmland

ESG policies, practices and capabilities are part of the external manager selection and due diligence processes.

Once a manager is selected, clauses requiring ESG requirements are brought into mandates and other legal documents.

As part of our post investment monitoring, we carry out 1-2 yearly ESG reviews of our managers and ESG performance of associated companies. The objective of the review is to assess and gain more awareness of the manager/investee companies' management of ESG issues and request improvements where appropriate. Managers are rated on ESG practices. The results of the review are integrated into our annual manager conviction review.

#### (F) Other

Exclusions, including both ethical and climate related, apply where feasible and appropriate. In addition, we have shorted excluded companies which fall into the large market capitalization category.



# ESG STRATEGIES

## LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PRIVATE	Listed equity	1

**Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?**

### Percentage out of total internally managed active listed equity

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	100%
(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	0%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PRIVATE	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

Percentage coverage out of your total listed equity assets where a screening approach is applied

(A) Positive/best-in-class screening only 0%

(B) Negative screening only 100%

(C) A combination of screening approaches 0%

## FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PRIVATE	Fixed income	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?

(1) Fixed income - SSA

(A) Screening alone 100%

(B) Thematic alone 0%

(C) Integration alone 0%

(D) Screening and integration 0%

(E) Thematic and integration 0%

(F) Screening and thematic 0%

(G) All three approaches combined 0%

(H) None 0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PRIVATE	Fixed income	1

**What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?**

**(1) Fixed income - SSA**

(A) Positive/best-in-class screening only 0%

(B) Negative screening only 100%

(C) A combination of screening approaches 0%

## ESG/SUSTAINABILITY FUNDS AND PRODUCTS

### LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

**Do you explicitly market any of your products and/or funds as ESG and/or sustainable?**

- (A) Yes, we market products and/or funds as ESG and/or sustainable
- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) **Not applicable; we do not offer products or funds**

**Additional information: (Voluntary)**

We are a Sovereign Wealth Fund and we do not have individual beneficiaries, so we do not offer investment products or funds.

## PASSIVE INVESTMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 19	CORE	OO 5.3 FI, OO 11	LE 8, FI 10	PRIVATE	Passive investments	1

What percentage of your total internally managed passive listed equity and/or fixed income passive AUM utilise an ESG index or benchmark?

### Percentage of AUM that utilise an ESG index or benchmark

(A) Listed equity - passive	100%
(B) Fixed income - passive	0%

## SUMMARY OF REPORTING REQUIREMENTS

### SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(T) External manager selection, appointment and monitoring (SAM) – listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(U) External manager selection, appointment and monitoring (SAM) – listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

(W) External manager selection, appointment and monitoring (SAM) – fixed income - passive	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(X) External manager selection, appointment and monitoring (SAM) – private equity	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(Y) External manager selection, appointment and monitoring (SAM) – real estate	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(Z) External manager selection, appointment and monitoring (SAM) – infrastructure	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(AA) External manager selection, appointment and monitoring (SAM) – hedge funds	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

## SUBMISSION INFORMATION

### REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

**How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?**

- (A) Publish as absolute numbers
- (B) Publish as ranges

# POLICY, GOVERNANCE AND STRATEGY (PGS)

## POLICY

### RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

#### Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here

Specify:

These elements are set out in the Sustainable Investment (SI) Policy in our Statement of Investment Policies, Standards and Procedures, SI Framework, Risk Management policies and investment due diligence processes. In addition, we have a specific Climate Change Investment Strategy and an Impact Investment Framework, including guidelines on sustainability outcomes. We have committed to net zero by 2050 and adopted a goal of supporting the move to Sustainable Finance.

- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

#### Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

We have guidelines as part of our Climate Change Investment Strategy, internal guidelines on Modern Slavery and are developing guidelines on nature. Internal guidelines have been developed in relation to other sustainability issues and as part of our due diligence processes.

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

**Which elements of your formal responsible investment policy(ies) are publicly available?**

**(A) Overall approach to responsible investment**

Add link:

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/>

**(B) Guidelines on environmental factors**

Add link:

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/integrating-esg/>

**(C) Guidelines on social factors**

Add link:

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/integrating-esg/>

**(D) Guidelines on governance factors**

Add link:

<https://nzsuperfund.nz/how-we-invest/actual-portfolio/how-we-add-value/director-governance/>

**(E) Guidelines on sustainability outcomes**

Add link:

<https://nzsuperfund.nz/assets/Uploads/Annual-Report-2022-23.pdf>

**(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)**

Add link:

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/climate-change/>

**(G) Specific guidelines on human rights (may be part of guidelines on social factors)**

Add link:

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/climate-change/>

(H) Specific guidelines on other systematic sustainability issues

(I) Guidelines tailored to the specific asset class(es) we hold

**(J) Guidelines on exclusions**

Add link:

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/exclusions/>

**(K) Guidelines on managing conflicts of interest related to responsible investment**

Add link:

<https://nzsuperfund.nz/assets/Publications/Policies/Human-Resources-Policy.pdf>

**(L) Stewardship: Guidelines on engagement with investees**

Add link:

<https://nzsuperfund.nz/how-we-invest/actual-portfolio/how-we-add-value/director-governance/>

**(M) Stewardship: Guidelines on overall political engagement**

Add link:



<https://nzsuperfund.nz/assets/Publications/Policies/Communications-and-Engagement-Policy-Board-Approved.PDF>

**(N) Stewardship: Guidelines on engagement with other key stakeholders**

Add link:

<https://nzsuperfund.nz/assets/Publications/Policies/Communications-and-Engagement-Policy-Board-Approved.PDF>

**(O) Stewardship: Guidelines on (proxy) voting**

Add link:

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/ownership/>

**(P) Other responsible investment aspects not listed here**

Add link:

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/ownership/voting-reporting-platform/>

- (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

**Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?**

**(A) Yes**

Elaborate:

The Guardians' long-standing commitment to Responsible Investment (RI) is informed by our statutory mandate and our policies identify the linkages with the mandate. The New Zealand Superannuation and Retirement Income Act 2001 established the Guardians of New Zealand Superannuation and the New Zealand Superannuation Fund. The Act states that the Guardians are responsible for investing the Fund and 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; and
- (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 Guardians is required to have a statement of investment policies, standards, and procedures, which must cover (but are not limited to) those set out in Section 61. These include (in Section 61(d)) "ethical investment, including policies, standards, or procedures for avoiding prejudice to New Zealand's reputation as a responsible member of the world community". Section 61 also refers to the retention, exercise or delegation of voting rights acquired through investments.

Our Statement of Investment Policies, Standards and Procedures (SIPSP), has a policy on Sustainable Investment which sets out our approach. It says "Sustainable investment is understood internationally to include integrating environmental, social and governance (ESG) considerations, including climate change, into investment management. When we refer to the term "sustainable investment" we see it as encompassing ethical investment as required under Section 61 (d). Our own approach to sustainable investment is intended to be consistent with managing and administering the Fund in a manner consistent with avoiding prejudice to New Zealand's reputation as a responsible member of the world community." The SI policy and our Sustainable Investment Framework also address the retention, exercise and delegation of voting rights.

One of our key investment beliefs is that ‘environmental, social and governance considerations, including climate change, are fundamental to long-term risk and return.’ As a long-term investor, we are committed to active ownership and the promotion of good governance for the overall health of the capital markets.

In 2020 we started a review of our approach to RI, with a view to preparing for emerging best practice. This included a legal review of the requirements of the statutory mandate, during which the Guardians’ Board confirmed that three “legs” of the mandate are of equal weight. As a result of the review, the Board approved the adoption of a sustainable finance strategy with the goal of incorporating sustainability considerations into investment decision-making and supporting the development of a sustainable financial system within the context of our legislative purpose and mandate.

In addition, under our statutory mandate there is a 5-yearly independent review of the Guardians and the Fund, with the external reviewers being appointed by The Treasury. The previous review was in 2019 and the latest review was carried out in the first half of 2024, with the results being released publicly by the Minister of Finance in the second half of 2024. The terms of reference for the review include our approach to responsible investment and compliance with the requirements of the SIPSP. The 2024 independent review was carried out by Willis Towers Watson.

- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Which elements are covered in your organisation’s policy(ies) or guidelines on stewardship?**

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
  - Specify:

These elements are covered in the Sustainable Investment Policy in the Guardians' SIPSP and the SI Framework including a commitment to exercise voting rights in investee companies and have voting policies guided by national and international standards of good corporate governance. We also have implementation-oriented documents that support our active ownership/active ownership policies and approaches, including requirements of engagement and voting service providers, reporting on ownership activities and how we prioritise ownership activities.

Our Communications & Engagement Policy acknowledges that transparency is critical to maintaining stakeholder confidence in the Guardians and Fund. We are committed to transparency about our stewardship activities and our organisation in general. For example, we publish a list of our holdings on our external website as at end June and end December each year and we disclose our external managers. We have a voting dashboard on our website, which means that stakeholders can look at voting decisions at a company level. Additional information on our active ownership activities can be found in our Annual Report and on our website. We report on stewardship decisions and activities to an annual SI report to the Investment Committee and the Board.

Institutional Shareholder Services (ISS) provides us with the platform for executing voting. Columbia Threadneedle Investment is our engagement service provider (Responsible Engagement Overlay service, reo®). Their approach to engagement is based on constructive and confidential company dialogue and on building a relationship of trust, where, over time, they seek to gain a sound understanding of how companies manage the key ESG issues linked to their activities. The reo® service encourages improvement in ESG management should they deem existing practices insufficient to respond to ESG risks and/or opportunities.

- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?**

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

**Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?**

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme  
Add link(s):  
<https://nzsuperfund.nz/assets/Uploads/Sustainable-Investment-Framework-June-2023.PDF>  
<https://nzsuperfund.nz/assets/Uploads/Statement-of-Investment-Policies-Standards-and-Procedures-June-2023.PDF>
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

## RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

### Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment

(B) Guidelines on environmental factors

(C) Guidelines on social factors

(D) Guidelines on governance factors

(7) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

### AUM coverage

(A) Specific guidelines on climate change

(1) for all of our AUM

(B) Specific guidelines on human rights

(1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues

(1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(B) Fixed income

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(C) Private equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(D) Real estate

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%

- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(E) Infrastructure

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(F) Hedge funds

(G) Forestry

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(H) Farmland

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(I) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

**What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?**

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%

- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

**(B) Passively managed listed equity**

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

## GOVERNANCE

### ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

**Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?**

**(A) Board members, trustees, or equivalent**

**(B) Senior executive-level staff, or equivalent**

Specify:

Chief Executive, Chief Investment Officer, General Manager of Portfolio Completion, General Manager of Strategy and Shared Services, General Manager Risk, Leadership Team

**(C) Investment committee, or equivalent**

Specify:

Investment Committee

**(D) Head of department, or equivalent**

Specify department:

Head of Sustainable Investment, Head of Asset Allocation, Head of Portfolio Completion, Head of Investment Operations, Head of Risk

○ (E) None of the above bodies and roles have oversight over and accountability for responsible investment



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

**Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?**

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input type="checkbox"/>	<input type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input type="checkbox"/>	<input type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Guidelines on managing conflicts of interest related to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Stewardship: Guidelines on overall political engagement	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

**Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?**

(A) Yes

Describe how you do this:

Engagement in public policy on matters relevant to the Fund is part of our work as an independent investment institution, guided by our Statement of Investment Policies, Standards and Procedures (SIPSP) – and organisational policies on Sustainable Investment, communications, government relations and codes of conduct. We are also guided by a specific Communications & Engagement Policy. This sets out the guiding principles for engagement in public policy and detailed procedures to manage the process. They cover Government relations, media relations, media and speaking invitations, and policy submissions. These policies are published on our external website.

In essence, the Guardians has operational independence from the NZ Government, ensuring investments may be made on a prudent, commercial basis in line with our SIPSP and SI Framework. However, we do receive/respond to an annual 'Letter of Expectations' from the Minister of Finance as a formal (but not legislative) avenue for policy dialogue for the coming year. This provides an opportunity for the Guardians' Board to consider the Minister's expectations in the course of developing the Guardians' annual Statement of Intent (Sol) and Statement of Performance Expectations (SPE). These documents are also published on our external website. As an operationally independent Crown entity, and consistent with our role as an institutional investor, the Guardians is actively engaged on various matters with a public policy dimension, both in NZ and internationally. In commenting on public policy issues, we adhere to a policy of political neutrality. From time to time, the Minister may issue letters of expectation related to specific matters.

Our contributions on public policy matters are usually made as part of a public submission process and the Minister's office and Treasury are provided with advance copies of these submissions, in line with our 'No Surprises' protocol. As a matter of Guardians' policy, all our submissions are publicly available on our website. We believe that having a public engagement on SI policy matters is consistent with best practice portfolio management, our independence and our commitment to transparency and good stewardship. It is also required under our obligations as a responsible investor and signatory of the PRI. Transparency is critical to maintaining organisational credibility and stakeholder confidence in the Guardians and Fund. We aim to keep our stakeholders informed about what we do, why we do it and have adopted an organisational approach of being as transparent as possible about our investment decisions and our organisation in general. Finally, the Guardians has demonstrated domestic leadership in helping to advance both the New Zealand Corporate Governance Forum and the NZ Sustainable Finance Forum. We also provide SI advice to other Crown Finance Institutions and work closely with them on issues such as public policy, ESG exclusions and corporate engagements.

We have a clear internal process for engagement with political and business stakeholders, guided by the Communications & Engagement Policy that covers speaking invitations, meetings with any political groups, interactions with lobby groups, memberships of peer organisations, presentations, media relations and a process for deciding what we should make submissions on, as well as for approving submissions. The Head of Communications is responsible for these activities and for the implementation of the Communications & Engagement Policy. The SI and Communications teams meet regularly to monitor and discuss activities. We have specifically addressed what we consider to be appropriate for political engagement conducted by third parties on our behalf. We publish any submissions we make on Government policy developments on our external website. We also make regular reports (annual) to the Finance & Expenditure Select Committee, which include comprehensive disclosures about conflict disclosures and memberships. Our reports to the Select Committee are available on our website.

Our responsible engagement service provider Columbia Threadneedle Investment's reo® service plays an active role in public policy development globally through engagement with policymakers and regulators.

- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

**In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?**

**(A) Internal role(s)**

Specify:

Primary responsibility for implementing our Sustainable Investment (SI) approach sits with the Head of Sustainable Investment and the SI team. However, the CEO, CIO and Leadership Team all have responsibility for implementation because Sustainable Investment is embedded in the organisation's purpose. SI is integrated through our investment decision processes, including portfolio design (opportunity definition and risk budget allocation), due diligence (new investments) and portfolio monitoring.

**(B) External investment managers, service providers, or other external partners or suppliers**

Specify:

We use external service providers to provide operational support for our SI approach. These include Columbia Threadneedle's Responsible Engagement Overlay (reo®) service for engagement with global equities and Institutional Shareholder Services to execute proxy voting on our holdings, in line with our voting policy. We use MSCI for ESG ratings data. We also use external service providers for operational support in due diligence, portfolio carbon footprinting, research and assurance.

- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?**

**(A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent**

Describe: (Voluntary)

The Board sets out medium and long-term performance measures for the Guardians and the NZ Super Fund in its five-yearly Statement of Intent (Sol). It sets out short term expectations in the annual Statement of Performance Expectations.

The current Statement of Intent is for the period 1 July 2024 to 30 June 2029 and sets out measures in respect of best practice and Sustainable Finance. In the context of best practice, the expected outcome is to achieve a 4- or 5-star rating (out of 5) for Policy, Governance and Strategy in the annual PRI assessment, with the summary assessment report published on our website, to report annually on the Fund's activities and outcomes in regard to the PRI Principles, specifically Principle 1 (Incorporation/Integration) and Principle 2 (Active Ownership/Stewardship), and to publish voting reports on an ongoing basis on our website. The best practice section also includes a requirement to report annually on adherence to the Santiago Principles (with third-Party assurance) and to achieve top quartile or higher rates in the GeoEconomica Index of sovereign wealth fund compliance with the Santiago Principles.

The expected outcomes in the Sustainable Investment section are to publish an annual Climate Change Report aligned with the New Zealand Climate Related Disclosure Standards, including third-party assured carbon footprint showing progress made against the Fund's carbon reduction targets set by the Board, and to detail progress towards net zero in line with the requirements of the New Zealand Government's 2021 Crown Financial

Institutions' Responsible Investment Framework, with specific reference to setting interim targets and reporting carbon reduction metrics, and to report progress towards net zero annually as required by our Paris Aligned Asset Owner Commitment.

The Statement of Intent is published on our external website: <https://nzsuperfund.nz/publications/statement-intent/>

The Statement of Expectations for the period 1 July 2024 to 30 June 2025. It includes implementation of recommendations from the five-year independent review of the Guardians and the Fund and reporting on our carbon footprint and Climate Change Report in alignment with the New Zealand climate-related disclosure standards. The Statement of Performance Expectations is published on our external website on the same page as the Sol.

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?**

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

- (1) KPIs are linked to compensation
  - (2) KPIs are not linked to compensation as these roles do not have variable compensation
  - (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

The Guardians has a discretionary incentive scheme as part of our remuneration structure. As noted above, our Statement of Intent (Sol) sets out the KPIs determined by the Guardians' Board, while the SPE includes near-term expectations about performance and the completion of strategic priorities. The expectations set out in the Sol and SPE are rolled out to the relevant individual KPIs for members of the senior team. Achievement of these KPIs is a determining factor in the decisions about whether bonuses may be paid and the quantum. In making decisions about staff bonuses, the Guardians' Board determines the degree to which we have met KPIs. The Sol includes SI measures.

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

	(1) Board members, trustees or equivalent	(2) Senior executive-level staff, investment committee, head of department or equivalent
(A) Specific competence in climate change mitigation and adaptation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input type="checkbox"/>	<input type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input type="radio"/>	<input type="radio"/>

## EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?**

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures
- (E) None of the above

Add link(s):

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/climate-change/>  
<https://nzsuperfund.nz/assets/Uploads/2023-NZ-Super-Fund-Climate-Change-Report.pdf>  
<https://nzsuperfund.nz/assets/Uploads/2023-Carbon-Footprint-Report.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?**

- (A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)
- (B) Disclosures against the European Union's Taxonomy
- (C) Disclosures against the CFA's ESG Disclosures Standard
- (D) Disclosures against other international standards, frameworks or regulations

Specify:

We report annually against the Global Reporting Initiative (GRI) framework. The GRI meets global best practice for how organizations communicate and demonstrate accountability for their impacts on the environment, economy and people, and widely recognised sustainability reporting standards.

Link to example of public disclosures

<https://nzsuperfund.nz/assets/Uploads/GRI-Index-2023.pdf>

- (E) Disclosures against other international standards, frameworks or regulations

Specify:

We contribute annually to the Responsible Investment Association of Australasia's Aotearoa New Zealand RI Benchmark Report.

Link to example of public disclosures

<https://responsibleinvestment.org/resources/benchmark-report/>

- (F) Disclosures against other international standards, frameworks or regulations

Specify:

Paris Aligned Investment Initiative – Paris Aligned Asset Owner Commitment Progress Report 2023

Link to example of public disclosures

(G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?**

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

<https://nzsuperfund.nz/assets/Disclosures/Select-Committee/2022-23-Select-Committee-questionnaire.pdf>

<https://nzsuperfund.nz/publications/disclosures/>

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

## STRATEGY

### CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

**Which elements do your organisation-level exclusions cover?**

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements

Specify:

We have product exclusions that apply to companies based on their products and take account of restrictions or prohibitions by international conventions signed by New Zealand, New Zealand law or significant Crown actions. These exclusions include companies directly involved in the manufacture of cluster munitions, manufacture or testing of nuclear explosive devices, manufacture of anti-personnel mines, manufacture of tobacco, processing of whale meat, recreational cannabis, manufacture of civilian automatic and semi-automatic firearms magazines or parts. We may also exclude companies on the grounds of severe environmental damage, human rights issues, bribery and corruption.

- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

**How does your responsible investment approach influence your strategic asset allocation process?**

**(A) We incorporate ESG factors into our assessment of expected asset class risks and returns**

Select from dropdown list:

- (1) for all of our AUM subject to strategic asset allocation**
- (2) for a majority of our AUM subject to strategic asset allocation
- (3) for a minority of our AUM subject to strategic asset allocation

**(B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns**

Select from dropdown list:

- (1) for all of our AUM subject to strategic asset allocation**
- (2) for a majority of our AUM subject to strategic asset allocation
- (3) for a minority of our AUM subject to strategic asset allocation

**(C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns**

Select from dropdown list:

- (1) for all of our AUM subject to strategic asset allocation**
- (2) for a majority of our AUM subject to strategic asset allocation
- (3) for a minority of our AUM subject to strategic asset allocation

**(D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns**

Select from dropdown list:

- (1) for all of our AUM subject to strategic asset allocation**
- (2) for a majority of our AUM subject to strategic asset allocation
- (3) for a minority of our AUM subject to strategic asset allocation

Specify: (Voluntary)

We incorporate our SI approach and ESG considerations into the asset allocation process through definitions of Opportunities (how we define asset classes), the allocation of risk budgets to Opportunities and also to the access point decisions about how we invest in Opportunities.

- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process



## STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate
(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

● ● ● ●

(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

○ ○ ○ ○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?**

We are an active owner of the assets we invest in. We exercise stewardship in respect of assets we hold directly, in companies held via listed equities and through the exercise of voting rights. We also contribute to the development of public policy in relevant areas. For example, we supported the development of a Stewardship Code for New Zealand and we were a founding signatory in 2022.

With assets that we hold directly, such as rural land and forestry in NZ, we use our influence as an owner/investor to ensure that they understand best practice ESG approaches for their business or sector, including how they manage, monitor and report on ESG risks, and work to address relevant issues. We also encourage them to ensure they monitor the impact of systemic issues, such as climate change and developing systemic issues.

For global listed equities, we use a portfolio monitoring service to identify companies that breach recognised ESG standards. We monitor the ESG ratings of the companies in our listed portfolios. Where issues arise, we assess the available information, along with data from other sources, to determine whether we should include the company in our engagement programme. We join collaborative engagement initiatives, or we may engage directly with companies. Our priority issues for engagement are severe environmental damage (including climate change), human rights, and bribery and corruption.

Key factors considered when prioritising our engagement efforts is whether the breach is of international standards or a high/significant ESG risk (long-term or short-term; historic or ongoing; isolated or endemic; a potential reputation risk internationally or nationally). Other factors include our ability to participate in collaborative engagements through international initiatives, our ability to engage directly with the company, potential effectiveness of engagement and the resources required. We support several global collaborative engagement initiatives.

We have a resource-sharing agreement with fellow New Zealand Crown Financial Institutions (CFIs), the Accident Compensation Corporation (ACC), the Government Superannuation Fund Authority and the National Provident Fund. We often work together on engagement initiatives, although we will also undertake our own engagements, such as the global engagement on social media (completed in 2021). In 2023, the CFIs as a group developed an initiative to engage on climate change with companies listed on the NZX50. The initiative is ongoing. We have identified 10 priority companies to engage with in 2024 and these engagements are under way.

We have appointed Columbia Threadneedle Investments (CTI) to provide responsible engagement services for our global equity holdings. CTI manages US\$637 billion on behalf of individual, institutional and corporate clients world-wide. The reo® service has 45 engagement specialists. In 2023, reo® carried out 1,424 total engagements with 867 companies in 45 countries, with 217 milestones achieved. The additional resource provided by reo® increases the reach and effectiveness of our global engagement. As well as engaging with companies on individual issues, it carries out thematic and industry-wide engagements on topics such as human rights, work rights, climate change and environmental harm.

Where we invest in equities via an external manager, we exercise stewardship by including ESG clauses in the legal agreement where possible. ESG considerations are taken into account when we appoint external managers and we have an annual process for rating the ESG performance of managers.

Voting: We exercise voting rights on all shares we own, including portfolios managed by external managers. This ensures that all shares we hold are voted for in a consistent way, according to our voting policy. Operationally, we use a proxy voting service provider (ISS) who to execute voting. We have the ability to vote manually within that system and we do vote manually in respect of shares in our domestic market or where we opt to. Our custom voting policy is based on ISS policies, but we have included more stringent ISS policies in respect of aspects such as Director independence, Board tenure, alignment of pay and performance, climate change and ESG. Our voting policies are based on good corporate governance principles. We report on our voting activities publicly via a dashboard on our external website. For our overseas holdings we generally direct our elected proxy voting agency to vote in line with our customised global voting policy. We retain the right to instruct voting decisions on the shares we own. For NZ equity holdings, we instruct voting directly, based on the recommendations of both our proxy voting agency and NZ investment managers.

We may withhold or recall shares from loan to exercise our voting rights to support our governance and engagement policies.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?**

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Elaborate on your organisation’s default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.**

We consider that collaborative stewardship is an important way to achieve improvement in the management of ESG risks and achieving sustainability outcomes. As a result of engagement programmes by the Guardians and other investors around the world, companies are increasingly aware that investors are analysing their ESG performance and expecting them to address ESG issues responsibly. We believe collaborative stewardship is important because, although we are a large investor in the New Zealand context, we are small by global standards. As an individual investor, we generally own a very small number of an issuer's securities. Our ability to achieve change or improvement in ESG is therefore enhanced when we work with other investors and peers, because of the larger ownership base represented and the increased resources available. When working collaboratively, we are mindful of the need to adhere to all applicable legal and regulatory requirements that might apply (such as competition or anti-trust requirements).

In NZ, we have an ongoing collaborative and resource sharing arrangement on Responsible Investment with fellow NZ Crown Financial Institutions (CFIs) the Accident Compensation Corporation (ACC) and the Government Superannuation Fund Authority and National Provident Fund. We have together appointed Columbia Threadneedle Investments (CTI) to provide responsible engagement services (reo®) for our global equities holdings. The additional resource provided by the responsible engagement service increases the reach and effectiveness of our global engagement. CTI's reo® service engages on behalf of clients with more than US\$637 in assets under management globally. CTI reviews its engagement policy annually. Its policy says the preferred approach to conducting engagement is to use constructive, confidential dialogue, typically interacting one-to one with issuers and building a relationship of trust over time as long-term investors. As well as engaging with companies on individual issues, reo® carries out thematic and industry-wide engagements on topics such as human rights, work rights, climate change and environmental harm. As a client we have an opportunity each year to provide input on decisions around reo®'s priority companies and themes. We publish reo® engagement reports on our external website on a quarterly basis. As noted in PGS23, the reo® service has 45 engagement specialists. In 2023, reo® carried out 1,424 total engagements with 867 companies in 45 countries, with 217 milestones achieved.

The Guardians is also a member of the Australian Council of Superannuation Investors. ACSI was established in 2001 to provide a strong voice on financially material environmental, social and governance (ESG) issues in the Australian market. Its members include Australian and international asset owners and institutional investors with more than AUS\$1.9 trillion in AUM. ACSI supports its members by providing research, engagement, advocacy and voting recommendations to support active ownership. In 2023, it had 306 formal company engagement meetings and met 194 of the ASX300 companies on ESG issues. Its 2023 annual report says that 89% of its priority companies made improvements on ESG themes and 29 of 30 its climate change priority companies have made net zero commitments.

In the New Zealand market, CFIs have a collaborative engagement on climate change with companies in the NZX50, with the objective of ensuring that local companies are addressing mandatory climate related disclosure requirements, understand the need to develop a pathway for the transition to a low carbon economy and understand CFI expectations in respect of our commitment to having portfolios aligned with net zero by 2050.

We are also actively involved in other collaborative stewardship activities to address themes or systemic issues such as climate change. This enables us to keep in touch with best practice, as well as contributing to collaborative initiatives. We are a signatory to the Carbon Disclosure Project, a member of the International Corporate Governance Network, signed up to the Paris Aligned Investor Initiative Net Zero Asset Owner Commitment, PRI collaborative initiatives, the Investor Group on Climate Change in Australia and New Zealand and the NZ Corporate Governance Forum.

In addition, our responsible engagement service, Columbia Threadneedle Investments' reo® service, is also involved in collaborative engagement on behalf of the Guardians and its other clients.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

- (A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff  
Select from the list:  
 1
- (B) External investment managers, third-party operators and/or external property managers, if applicable  
Select from the list:  
 3
- (C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers  
Select from the list:  
 2
- (D) Informal or unstructured collaborations with investors or other entities  
Select from the list:  
 5
- (E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar  
Select from the list:  
 4
- (F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 26	PLUS	OO 8, OO 9, PGS 1	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation ensure that its policy on stewardship is implemented by the external service providers to which you have delegated stewardship activities?

(A) Example(s) of measures taken when selecting external service providers:

We follow the requirements set out in our Procurement and Outsourcing Policy. In certain circumstances, we will be required to follow Government procurement practices, which may include a Government Electronic Tendering process. Where the Government process does not apply, we have our own processes for major and minor contracts. A major contract is where the following factors are considered to be potentially significant to our organisation:

- The impact of a supplier’s disruption on our operations including the time to recovery of core capabilities;
- The impact the supplier could have on our reputation;
- Whether the supplier has access to restricted and confidential information or poses a significant information security risk;
- Whether the supplier’s IT infrastructure pose a significant information security risk;

- The level of difficulty and time required to find an alternative supplier

In respect of outsourcing, we consider the capability of an external party to perform the outsourced process, cost benefit analysis, risks around outsourcing, efficiency and whether it is consistent with best practice. Selection criteria include the organisation's specialisation, reputation, support by the industry sector, internal controls, information delivery, environmental track record, location and organisational culture. For large contracts, a panel of Guardians' team members may be assembled to make the selection. We undertake appropriate due diligence and legal checks. We have a specific process for developing the outsourcing contract.

Requirements for the ongoing monitoring of the relationship is set out in our Third Party Monitoring Framework and Process. Regular reviews are required (usually every three years).

**☑ (B) Example(s) of measures taken when designing engagement mandates and/or consultancy agreements for external service providers:**

The risk factor we will consider when designing engagement mandates include:

- IT Security Practices: We should understand the maturity of the third party's policies, standards and procedures for IT security including whether they have any IT security assurance programme, and whether independent assurance is obtained over security controls.
- Data– Access/ Storing/ Confidentiality
- Data Protection: Evaluate the adequacy of the various technical controls applied to protect our data third party's on systems.
- Privacy: Examine the conformance of the third party's privacy practices with good practice privacy principles.
- Business Continuity: Enquire on the various processes by which the third parties ensure they can recover from an interruption or disaster event, including backups, geographical separation of data storage, and recovery plans.
- Financial Strength: Assess the financial strength of the third party and determine whether there are any risks to the financial viability of the third party which may impact on their ability to fulfil their contracted services and service levels.
- Staff/contractor Vetting: Assess the third party's procedures for the vetting of staff and contractors (such as criminal history checks), and evaluate whether staff and contractors receive adequate training on information security.
- Supply chain: Determine how the third party's ensure that their own outsourced providers and contractors are meeting security and service continuity expectations.

Where we need to meet legal or regulatory obligations, determine whether the third party operates in a manner which enables us to meet our obligations. Examples include: Privacy, Bribery & Corruption, Anti-money laundering, Health and Safety, Public records

Environmental Social & Governance (ESG): Determine whether the third party operates in a manner consistent with our expectations in regard to ESG e.g. Bribery & corruption, climate change, modern slavery.

**☑ (C) Example(s) of measures taken when monitoring the stewardship activities of external service providers:**

Our Responsible Engagement Overlay (reo®) service provider provides us with quarterly reports, including a public report, a confidential report, detailed breakdowns of the data behind the reports, annual data, access to an online portal. We have quarterly meetings with the reo® specialist. We are able to request specific information or analysis. We do Third Party Monitoring reviews. The most recent was completed in 2022.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**How are your organisation's stewardship activities linked to your investment decision making, and vice versa?**

The Sustainable Investment team has overall responsibility for stewardship strategy, and primarily engage and vote the global equities portfolio. Our active internal and external New Zealand equities managers integrate ESG considerations into research and engage with companies including governance for AGMs. Subject matter specialists from the SI team work with the Direct Investment team and with the team that has relationships with external managers to support engagement as relevant.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**If relevant, provide any further details on your organisation's overall stewardship strategy.**

N/A

## STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?**

**(A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes**

Select from the below list:

- (1) in all cases
- (2) in a majority of cases
- (3) in a minority of cases

**(B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear**

Select from the below list:

- (1) in all cases
- (2) in a majority of cases
- (3) in a minority of cases
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

### How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting

Provide details on these criteria:

In 2017, the Guardians approved a Securities Lending mandate. At that time, our Statement of Investment Policies, Statements and Procedures (SIPSP) and (then) Responsible Investment Framework were amended to address voting. The Sustainable Investment Framework states that if we lend securities:

- We will retain our rights to withhold or recall shares to exercise our voting rights.
- We will maintain guidance on when to withhold or recall shares.
- We will work with our securities lending agents to encourage good practice standards by borrowers including not borrowing for the primary purpose of voting.
- We will maintain guidelines for circumstances under which we may withhold or recall shares from loan to exercise our full voting rights.
- We monitor securities lending and retain a minimum holding of shares in each company on loan.

The criteria for recalling shares are set out below, with the reason in each case:

- Holdings over 0.5% -- Significant ownership levels
- Companies on our Engagement Focus List -- The Guardians or reo® (engagement service provider) are currently engaging with these companies because of serious breaches of ESG standards. It is important to retain and exercise our full voting right.
- Companies in the MCO Infrastructure Fund -- MCO is a NZ manager with a small concentrated portfolio. It is important to retain and exercise our full voting right on these holdings.
- Contentious M&A -- It is important to retain and exercise our full voting right when meetings are held to decide on contentious M&A outcomes.
- Climate change resolutions -- From 1 Jan 2019, the criteria for recall was extended to include company meetings with climate change related resolutions on the agenda.

- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

- (A) Yes, for all (proxy) votes  
Add link(s):  
<https://nzsuperfund.nz/how-we-invest/sustainable-finance/ownership/voting-reporting-platform/>
- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?**

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?**

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale		
(B) Yes, we privately communicated the rationale to the company	(3) for a minority of votes	(3) for a minority of votes
(C) We did not publicly or privately communicate the rationale, or we did not track this information	<input type="radio"/>	<input type="radio"/>
(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?**

We have full access to our voting via the ISS Platform and can see confirmations by ballot, and rejections if any. In any case in which we are unsure if votes have been cast and counted correctly, we are able to communicate with our proxy voting service provider (ISS) by email or phone to clarify the situation. We have worked with our Internal Audit team to develop a process for reviewing the number of ballots cast and identifying if ballots have not been cast successfully, such as in vote blocking jurisdictions. In 2024 we carried out a third-party risk monitoring assessment of the ISS service and platform. As part of that process, ISS provided details about its controls and security framework, including its SOC Type 2 Report for 2023.

Our custodian is also able to advise our Investment Operations team when there is an issue with voting. In July and August 2023 our Internal Audit team undertook an internal audit of our proxy voting process. It found that process established a sound platform for managing and operating the voting processes and they were largely operating effectively.

## STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9 HF, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

**For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?**

**(1) Listed equity**

- (A) Joining or broadening an existing collaborative engagement or creating a new one
- (B) Filing, co-filing, and/or submitting a shareholder resolution or proposal
- (C) Publicly engaging the entity, e.g. signing an open letter
- (D) Voting against the re-election of one or more board directors
- (E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director

(F) Divesting	<input checked="" type="checkbox"/>
(G) Litigation	<input checked="" type="checkbox"/>
(H) Other	<input type="checkbox"/>
(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

**For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?**

- (A) Joining or broadening an existing collaborative engagement or creating a new one
- (B) Publicly engaging the entity, e.g. signing an open letter
- (C) **Not investing**
- (D) **Reducing exposure to the investee entity**
- (E) **Divesting**
- (F) Litigation
- (G) Other
- (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 38	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

**Describe your approach to escalation for your SSA and/or private debt fixed income assets.**

(A) SSA - Approach to escalation

N/A

## STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

A senior member of the Sustainable Investment team is a member of the New Zealand External Reporting Board's advisory panel on developing Climate Related Disclosure standards. The CRD standards were released in December 2022, but the work of the advisory panel has continued.

In 2023/24, the members of the Sustainable Investment team took part in the NZ Government-led Leadership Advisory Group on modern slavery. The group was disestablished in 2024.

In 2023/4, a senior member of the Sustainable Investment team took part in the Nature Working Group set up by the Responsible Investment Association of Australasia (RIAA).

Where we make formal submissions to Government departments or on policy, they are made publicly available on our external website.

In January 2024, NZSF signed a Statement on Corporate Governance as a Pre-requisite for Capital Market Competitiveness and Growth in the UK. The statement has been developed by the International Corporate Governance Network (ICGN) in response to concerns that UK regulatory proposals which could weaken the UK and global corporate governance standards and shareholder protections. The initiative was publicly announced in February 2024. We engage with the NZX Regulatory arm through a cross-business institution on corporate governance.

Our responsible engagement service provider, Columbia Threadneedle Investments reo® service, also plays an active role in public policy development in key global issues.

**(D) We engaged policy makers on our own initiative**

Describe:

We continued to engage with policy makers on Modern Slavery and Climate Related Disclosures.

**(E) Other methods**

Describe:

We held stakeholder briefings in Wellington and Auckland that included commentary on relevant policy areas, such as climate change.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

**During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?**

**(A) We publicly disclosed all our policy positions**

Add link(s):

<https://nzsuperfund.nz/publications/submissions/>

(B) We publicly disclosed details of our engagements with policy makers

(C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

## STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

**Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.**

(A) Example 1:

Title of stewardship activity:

- (1) Led by
- (1) Internally led
  - (2) External service provider led
  - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
  - (2) Social factors
  - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
  - (2) Fixed income
  - (3) Private equity
  - (4) Real estate
  - (5) Infrastructure
  - (6) Hedge funds
  - (7) Forestry
  - (8) Farmland
  - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

The Guardians has continued to work on a collaborative initiative on climate change with the NZ Crown Financial Institutions (CFIs) in FY 2023/24. The engagement focuses on companies listed on the NZX50. The CFIs are the Accident Compensation Corporation, Government Superannuation Fund Authority, National Provident Fund and the NZ Superannuation Fund (managed by the Guardians.)

Background - The New Zealand Government has committed to net zero by 2050 and has introduced mandatory climate reporting for large companies and financial institutions. The External Reporting Board (XRB) developed Climate Related Disclosure (CRD) standards, which were released by the in December 2022. The Financial Markets Authority (FMA) has responsibility for the independent monitoring and enforcement of the regime.

In October 2021, in response to the release of the Crown Responsible Investment Framework, CFIs committed to align their investment portfolios with a net zero emissions economy by 2050 or sooner. They also joined the Net Zero Asset Owners Commitment.

Under the Crown RI Framework, the CFIs are required to address climate change by ensuring transparent reporting of emissions intensity of investment portfolios, investing in climate solutions, using collective influence as asset owners to engage with companies on climate change and emissions reductions, with the objective that all assets in their investment portfolios achieve net zero by 2050 or sooner.

During 2022, CFIs developed a plan to engage on climate change with companies listed on the NZX50 and agreed on the objectives. The objectives for the engagement are to: understand companies' progress on climate change awareness, capability and commitments; understand how they are meeting regulatory requirements on climate-related disclosures and reporting; support companies to prepare for the transition by sharing knowledge of climate change risks and opportunities from the institutional investor perspective; understand how companies' plans will align with our net zero commitments over time.

We also prepared background materials to support the engagement and communication with stakeholders.

In terms of the timing, it was agreed that the initiative should be launched after the XRB had completed its work on the CRD standards, which meant the engagement got under way in mid-2023.

The key elements of the engagement plan included a CFI joint position statement which was published on each of our external websites in May 2023 and sending a letter to the Chairs of companies listed on the NZX50 drawing attention to the CFI position statement and engagement with key stakeholder groups and business organisations.

Since then we have developed a priority list of 10 companies for engagement, completed research on the companies and held engagement meetings at management level. The initial priority list is based on companies that have not set emissions reductions targets.

As at the end of June 2024, we have seven engagements under way and three planned . The engagement initiative is continuing and we will review progress in December 2024.

(B) Example 2:

Title of stewardship activity:

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

(C) Example 3:

Title of stewardship activity:

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

(D) Example 4:

Title of stewardship activity:

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors



- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

(E) Example 5:

Title of stewardship activity:

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

## CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

**Has your organisation identified climate-related risks and opportunities affecting your investments?**

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

The Guardians has identified climate change as a strategic risk both at the enterprise and investment level. Failure to effectively manage climate-related risks is a key risk for the Guardians and the Board monitors the controls that are in place to manage the risk. The risk is that failure to manage climate risk could lead to poor performance and undermine stakeholder support. Key controls for the risk include the five-yearly Independent Review of the Guardians and the Fund, compliance with the SIPSP, adherence to our Sustainable Investment Framework, our Climate Change Investment Strategy, investment screens on new investments and regular reviews of new existing Opportunities.

As an investor, we consider that climate change presents risks for which we will not be rewarded. It is considered good practice to remove uncompensated portfolio risks. These risks have multiple drivers across technological change, resource and physical impacts, and policy actions - and will affect listed and unlisted assets in different ways. Whilst the necessary shift to a low carbon energy system will affect all sectors, different climate-related risks will have differing impacts over a range of asset types, planning horizons and scenarios, depending on the path taken.

We have identified the following immediate/short-term risks arising from our current five-year Asset Allocation planning cycle (subject to annual review):

- the supply and demand changes from substitution, higher cost structures, consumer preference and regulation;
- increasing prevalence of litigation in relation to perceived action or inaction on climate change;
- physical damage or disruption to industries and economies; and
- inability to adapt at reasonable cost over a reasonable period.

**(B) Yes, beyond our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

Given the NZ Super Fund's long-term horizon (peaking in the 2070s), we have made it a priority to consider how the Fund's investment strategies, portfolio and the companies we invest in, should respond to the risks and opportunities stemming from climate change. We have adapted our ownership practices and investment decision-making framework to explicitly account for climate change investment risk in our models through a custom Climate Change Valuation Framework. Our Framework has since been adapted by the Accounting for Sustainability (A4S) group as the basis for their Essential Guide to Valuations and Climate Change (<https://www.accountingforsustainability.org/valuations.html>).

Through this Framework, we integrate material and quantifiable climate-related risks and opportunities into our valuation model via three methods: adjusting cash flows (revenue, costs, capital expenditure) during the forecast period; adjusting the terminal value; and adjusting the discount rate to reflect that any reduction in certainties due to perceived climate-related risk.

This valuation, along with the qualitative commentary, is reviewed by our Investment Committee and influences whether or not we buy, hold or sell the asset. When we do acquire an asset, we own the asset actively, monitoring business performance against climate change standards and metrics, and periodically reviewing climate change impact analysis.

- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

**Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?**

**(A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities**

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

As an asset owner, climate change will have an impact on the Fund's assets in a range of different ways. Climate change presents risks for which we will not be rewarded. It is considered good practice to remove uncompensated portfolio risks. These risks have multiple drivers across technological change, resource and physical impacts and policy actions. They affect both listed and unlisted assets, but may impact them in different ways.

Transition risks will decrease the attractiveness of carbon intensive assets and the value of fossil fuel reserves – meaning some of the assets we invest in might become obsolete, whilst low carbon intensity assets may increase in relative attractiveness. Our Climate Change Investment Strategy has four elements: Reduce; Analyse, Engage and Search. The Reduce element involves measuring our carbon foot print and targeting a reduced exposure to carbon relative to our Reference Portfolio (benchmark). The Analyse research has identified that our climate related risk exposure is concentrated in a few sectors (utilities, materials and energy), with a wide geographic spread and predominantly in our global listed equities holdings.

To date, we have achieved the Fund-wide targets primarily by adjusting holdings in the Fund's global equity portfolio. This has involved applying a bespoke carbon methodology to our passive equity holdings. We applied a carbon short swap to neutralise our exposure to any companies with high carbon reserves that we incidentally take a position in, for example, when we use an index derivative to complete our passive equity exposure. We also ask our external investment managers who manage quantitative multi-factor strategies on our behalf, to meet our carbon targets, but give them flexibility in how they do this.

In 2017, we undertook a review of the physical risk exposure of the Fund's real assets. The report drew heavily on the International Panel on Climate Change (IPCC) and Fifth Assessment Report. Our findings highlighted the different kinds of risks that our physical assets were exposed to. This review considered both the inherent risk to the asset and the level of exposure the Fund has to that asset. It identified investments that presented the greatest direct physical climate-related risk to the Fund as: 1. Timber; 2. New Zealand rural land (dairy); 3. Toll roads.

In light of that 2017 review of physical risk exposure, and the Climate Change Investment Strategy more broadly, we have adapted our investment decision making framework to explicitly account for climate change investment risk in our valuation models. The framework aims to provide a structured approach to identifying climate change considerations that could affect an investment. It guides the investment professional through filtering climate change considerations into those assumptions that have enough significance to be modelled in valuations and provides a common framework to ensure greater consistency across teams and time. The assumptions are then integrated into our existing investment processes.

In 2017, we also undertook a review of the physical risk exposure of the Fund's real assets, drawing on the IPCC and Fifth Assessment Report. Our findings highlighted the different kinds of risks that our physical assets were exposed to. This review considered both the inherent risk to the asset and the level of exposure the Fund has to that asset. It identified investments that presented the greatest indirect physical climate-related risk to the Fund as: 1. Retirement/aged care; and 2. Banking.

Our Analyse research highlighted a number of opportunities our sectors/assets may be exposed to by 2100 under 2°C, 3°C and 4°C scenarios. This review considered both the inherent benefits to the asset and the level of exposure the Fund has to that sector/asset. We identified investments presenting the greatest climate-related benefits to the Fund under a range of climate scenarios, as : 1. New Zealand Timber, and potentially some overseas timber assets; 2. Agriculture; 3. Industrials; 4. Waste management.

We manage risk for our listed equity holdings by reducing our exposure to carbon intensive investments and those with high carbon reserves. We manage risk exposure for our direct investments by means of our valuation framework and through our governance oversight. We have a Sustainable Transition opportunity (area of focus) which has led us to seek and assess prospects in energy efficiency, transformational infrastructure, transport, resource and land management. The Fund has made a number of climate impact investments over recent years, including wind and solar generation in the U.S. and Europe, energy efficiency and waste management opportunities.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

**Which sectors are covered by your organisation's strategy addressing high-emitting sectors?**

- (A) Coal

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in our 2023 Climate Change Report. It applies to all high-emitting sectors. Coal is addressed under the Reduce pillar of the CCIS and will continue to be addressed through the adoption of Paris Aligned Benchmark indices.

**(B) Gas**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in our 2023 Climate Change Report. It applies to all high-emitting sectors. Gas is addressed under the Reduce pillar of the CCIS, and will continue to be addressed through the adoption of Paris Aligned Benchmark indices and additional actions to achieve targets as necessary.

**(C) Oil**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors. Oil is addressed under the Reduce pillar of the CCIS, and will continue to be addressed through the adoption of Paris Aligned Benchmark indices and additional actions to achieve targets as necessary.

**(D) Utilities**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(E) Cement**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(F) Steel**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(G) Aviation**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(H) Heavy duty road**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(I) Light duty road**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(J) Shipping**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(K) Aluminium**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(L) Agriculture, forestry, fishery**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors. The approach to agriculture, forestry and fishery is outlined in the Analyse pillar of the strategy.

**(M) Chemicals**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(N) Construction and buildings**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

**(O) Textile and leather**

Describe your strategy:

Our Climate Change Investment Strategy (CCIS) is set out in the responses to PGS 44 and in the 2023 Climate Change Report. It applies to all high-emitting sectors.

(P) Water

(Q) Other

(R) We do not have a strategy addressing high-emitting sectors

**Provide a link(s) to your strategy(ies), if available**

<https://nzsuperfund.nz/assets/Uploads/2023-NZ-Super-Fund-Climate-Change-Report.pdf>

<https://nzsuperfund.nz/assets/Uploads/2023-Carbon-Footprint-Report.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

**Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?**

(A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)

(B) Yes, using the One Earth Climate Model scenario

(C) Yes, using the International Energy Agency (IEA) Net Zero scenario

**(D) Yes, using other scenarios**

Specify:

The Guardians adopted a set of custom high-level climate scenarios in 2018 to inform our investment strategies and processes. We reviewed our scenarios in 2023, considering evolving practice, our Paris Aligned Asset Owners Net Zero Commitment and the NZ climate-related disclosure standards. Our review assessed a series of high-level scenarios developed by leading sources. We adopted the Network for Greening the Financial System (NGFS) scenarios due to their: integration of transition and physical factors; regular updates based on leading international climatic and economic research; transparency of key underlying assumptions; and consideration of a range of policy ambitions, climate action, technological developments, emissions pathways and geophysical processes, relevant to the NZSF's diverse portfolio. The three NGFS scenarios we now apply at a high level are Current Policies, Delayed Transition and Net Zero by 2050. Rather than assigning a higher degree of conviction in any particular pathway or outcome, our approach focuses on blending the use of the top-down NGFS climate scenarios to frame and inform more detailed, bottom-up scenario testing, integration and risk analyses. That way, our methodology is tailored to the requirements of the Guardians' various investment teams, strategies, processes and models. The Guardians will continue to explore the relative sensitivities, strengths and vulnerabilities of our portfolio/strategies/assets to projected physical and transition impacts under a range of timelines, pathways, and outcomes.

In 2022, we assessed the resilience of our passively held global equities portfolio (~40% AUM) against a 1.5 deg. C/net-zero-aligned world by 2050 scenarios (SSP1-RCP1.9, IPCC), sourced from a range of ESG data service providers. We opted to adopt the MSCI World Climate Paris Aligned Index and the MSCI EM Climate Paris Aligned Index as the two building blocks for the global equity component of our benchmark Reference Portfolio.

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

**Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?**

- (A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

Our Climate Change Investment Strategy has four elements: Reduce, Analyse, Engage, and Search which together act to identify, assess and manage climate-related risks and opportunities. Refer to our Climate Change Report for full details.

The aim of Analyse is to integrate climate change into our investment analysis and decision-making. This includes incorporating identification and assessment of climate change risks and opportunities into the pre-investment due diligence that we undertake for areas of the Fund's portfolio in which we have more concentrated positions.

Our analysis framework has five steps:

1. We identify the investee company's core activities, operating environment, financial drivers and the geographies it operates.
2. We assess the sources of climate change risks and opportunities, guided by six lenses to assess how assets might be affected by the climate change transition:
  - Technology – Disruption driven by the development of technology to support a low-carbon economy;
  - Resource availability – Slow-onset shifts in everyday environmental factors;
  - Impact of physical damages – The impact of acute, extreme events linked to climate change;

- Policy – Increased costs and complexity from policies and regulations designed to limit the long-term effects of climate change and to encourage sustainability;
- Demand and supply – Changes in economic and social factors affecting demand and supply; and
- Liability – Parties who have suffered loss or damage from the effects of climate change seek compensation from those held responsible.

3. We filter the sources of climate-related risks to assess their materiality. Those considered immaterial are not factored into the valuation model but are mentioned in the qualitative commentary. For those that are material, we try to quantify their impact. Where this is possible, we include it in our model (see step four below). Where this is not possible, we identify its likely directional impact on the attractiveness of the investment.

4. We have integrated the material and quantifiable climate-related risks and opportunities into our valuation model. We have three methods for this: i) adjusting cash flows (revenue, costs, capital expenditure) during the forecast period; ii) adjusting the terminal value, and; iii) adjusting the discount rate.

5. If we acquire the asset, we own it actively (see below for further details), and monitor business performance against climate change standards and metrics.

## (2) Describe how this process is integrated into your overall risk management

We have adapted our ownership practices and investment decision-making framework to explicitly account for climate change risk.

Ultimately, responsibility for climate change risk sits with the Board. The Board delegates responsibility for management of this risk to senior leadership by ensuring the overall organisational strategy includes climate change risks and opportunities, particularly through the Climate Change Investment Strategy for the Fund. This year the Board's Audit Committee has had education sessions and discussions on the mandatory climate-related disclosure regime that has come into effect in New Zealand to ensure they understand the requirements and how the management team will address them.

Climate change responsibilities are delegated throughout the Guardians, with our Chief Investment Officer, Head of Sustainable Investment, senior investment leaders, and key internal committees each playing a role in ensuring that our Climate Change Investment Strategy is implemented. Members of the Investment team are required to integrate climate change into investment decisions. They are supported by the subject-matter experts in the Sustainable Investment team.

We aim to ensure that everyone has tools to support our climate change objectives, by running regular education sessions and including our approach to climate change in the induction process for new employees and actively managing access to climate-related data as it evolves.

The Guardians also has a process for managing risks at the enterprise level. Climate change related physical and transition risk for investments is one of the key risks identified for the Guardians. In 2023 the Risk team worked with the Sustainable Investment team on a review to assess the effectiveness of the controls in place to manage this risk. The review was reported to the Risk Committee in November 2023. The CCIS was identified as a key control for this risk. The CCIS includes a range of control activities and the control effectiveness assessment set out the evidence related to the control of this risk. The CCIS is monitored by the CIO and Head of Sustainable Investment.

## (B) Yes, we have a process to manage climate-related risks

### (1) Describe your process

Reduce manages the transition risk of the portfolio by: measuring our carbon footprint; setting a target to reduce our portfolio's emissions intensity and our holdings of potential emissions from reserves; and applying this target to our equity portfolio and our benchmark.

In 2022, as part of a wider review of our responsible investment approach, the Board elected to change the ACWI IMI building block of our Reference Portfolio to the MSCI World Climate Paris Aligned Index and the MSCI EM Climate Paris Aligned Index. As well as improving the overall ESG profile of the Fund, these indices will ensure that the Fund's passive global equity positions are better aligned with net zero objectives. The indices reduce but do not eliminate exposures to fossil fuel reserves so we continue to apply a custom negative screening overlay to achieve this goal, in line with our targets. The new indices:

- reduce the GHG emissions intensity by 50%;
- reduce the GHG emissions intensity by 10% each year until 2050;
- integrate Scope 3 emissions into targets;
- underweight companies facing high transition and physical climate risk;
- increase allocation to companies with credible emissions reduction targets;
- increase exposure to green revenue; and
- overweight companies providing climate solutions.

Having moved the passive equities portfolio to Paris Aligned indices, in 2023, we addressed our quantitative multi-factor investment strategies, which represent approximately 19% of AUM. We worked with our external managers to meet our carbon-reduction targets – allowing them flexibility in how they achieve this goal as part of their wider investment strategies and investable universe. We found that they could achieve these results without significantly impacting our exposure to our desired style factors, leading to an improved ESG performance of this segment of the portfolio and improving alignment with the pathway to net zero by 2050.

In 2023/24 we have undertaken a review of the fixed income portfolio to seek opportunities to improve ESG incorporation. The approach was to look at additional options for ESG integration in fixed income and for carbon footprinting this part of the portfolio. We also researched options for fixed income portfolios consistent with our net zero commitment. Fixed income assets represent a considerably smaller portion of our portfolio than global equities. Approximately 15% of the portfolio is currently in fixed income, depending on market conditions. The global bond market is evolving rapidly, and low-carbon or carbon-efficient bond indices are being developed. In May 2024 the Investment Committee support a shift of the corporate portion of our passive bond mandate to a climate index. We are currently considering options, including an index that includes additional forward-looking metrics.

The Engage element of the Strategy aims to improve the reporting and management of climate-related risks by the companies we invest in. We have an external engagement service provider who engages with global equities on climate change and other ESG issues. We support global collaborations like the CA100+, and have a climate engagement programme with companies listed on the NZX.

Search is about managing climate-related risk by seeking investment opportunities presented by the transition to a low-carbon energy and more climate-resilient world. In assessing new prospects, we continue to maintain our investment discipline as we would with any potential investment. In 2022 we created a new investment opportunity, the Sustainable Transition Opportunity (STO), designed to invest in assets that will benefit from rapid structural change and the vast amount of capital required to tackle sustainability issues in the coming years.

## (2) Describe how this process is integrated into your overall risk management

We have adapted our ownership practices and investment decision-making framework to explicitly account for climate change investment risk in our models through a custom Climate Change Valuation Framework. Our Framework contributed to the Accounting for Sustainability (A4S) group's work on their Essential Guide to Valuations and Climate Change.

Through our climate valuation framework, we manage material and quantifiable climate-related risks and opportunities, and where practicable include adjustments in our valuation model via three methods: adjusting cash flows (revenue, costs, capital expenditure) during the forecast period; adjusting the terminal value; and adjusting the discount rate to reflect that any reduction in certainties due to perceived climate-related risk. This valuation, along with the qualitative analysis, influences whether or not we buy, hold or sell the asset. When we do acquire an asset, we own the asset actively, monitoring business performance against climate change standards and metrics, and periodically reviewing climate change impact analysis.

As well as assessing individual investments, we review the asset types (Opportunities) we allocate to. Last year we completed a risk budget review, covering a range of investment areas and their expected ESG profile (including climate change). These were considered alongside each asset type's expected information ratio and alignment with our endowments to decide on the level of risk budget to allocate to each type. We upweighted infrastructure and down-weighted distressed credit on the basis of their expected ESG profiles.

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and publicly disclose?

**(A) Exposure to physical risk**

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
- (1) Metric or variable used
  - (2) Metric or variable used and disclosed
  - (3) Metric or variable used and disclosed, including methodology**
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
- <https://nzsuperfund.nz/assets/Uploads/2023-NZ-Super-Fund-Climate-Change-Report.pdf>

**(B) Exposure to transition risk**

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
- (1) Metric or variable used
  - (2) Metric or variable used and disclosed
  - (3) Metric or variable used and disclosed, including methodology**
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
- <https://nzsuperfund.nz/assets/Uploads/2023-NZ-Super-Fund-Climate-Change-Report.pdf>

**(C) Internal carbon price**

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
- (1) Metric or variable used**
  - (2) Metric or variable used and disclosed
  - (3) Metric or variable used and disclosed, including methodology

**(D) Total carbon emissions**

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
- (1) Metric or variable used
  - (2) Metric or variable used and disclosed
  - (3) Metric or variable used and disclosed, including methodology**
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
- <https://nzsuperfund.nz/assets/Uploads/2023-Carbon-Footprint-Report.pdf>

**(E) Weighted average carbon intensity**

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
- (1) Metric or variable used
  - (2) Metric or variable used and disclosed
  - (3) Metric or variable used and disclosed, including methodology**
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
- <https://nzsuperfund.nz/assets/Uploads/2023-Carbon-Footprint-Report.pdf>

(F) Avoided emissions

(G) Implied Temperature Rise (ITR)

**(H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals**

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
- (1) Metric or variable used
  - (2) Metric or variable used and disclosed
  - (3) Metric or variable used and disclosed, including methodology**
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
- <https://nzsuperfund.nz/assets/Uploads/2023-NZ-Super-Fund-Climate-Change-Report.pdf>

(I) Proportion of assets or other business activities aligned with climate-related opportunities

(J) **Other metrics or variables**

Specify:

Note, the links provided in this section are to the 2023 Climate Change Report and the 2023 Carbon Footprint. These cover FY2022/23. The 2024 Climate Change Report and Carbon Footprint are still in preparation and will be published in October 2024. These will cover FY2023/24. They will be published on the climate change page on our external website (link below).

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed

(3) **Metric or variable used and disclosed, including methodology**

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/climate-change/>

(K) Our organisation did not use or publicly disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

**During the reporting year, did your organisation publicly disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?**

(A) **Scope 1 emissions**

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) **Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/climate-change/>  
<https://nzsuperfund.nz/assets/Uploads/2023-NZ-Super-Fund-Climate-Change-Report.pdf>  
<https://nzsuperfund.nz/assets/Uploads/2023-Carbon-Footprint-Report.pdf>

(B) **Scope 2 emissions**

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) **Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/climate-change/>  
<https://nzsuperfund.nz/assets/Uploads/2023-NZ-Super-Fund-Climate-Change-Report.pdf>  
<https://nzsuperfund.nz/assets/Uploads/2023-Carbon-Footprint-Report.pdf>

(C) **Scope 3 emissions (including financed emissions)**

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) **Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

<https://nzsuperfund.nz/how-we-invest/sustainable-finance/climate-change/>  
<https://nzsuperfund.nz/assets/Uploads/2023-NZ-Super-Fund-Climate-Change-Report.pdf>  
<https://nzsuperfund.nz/assets/Uploads/2023-Carbon-Footprint-Report.pdf>

(D) Our organisation did not publicly disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

## SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

**Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?**

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

**Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?**

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)  
Specify:

Paris Aligned Asset Owners Net Zero Commitment (Paris Aligned Investment Initiative), IIGCC

- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

**What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?**

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities

- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries
- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

## HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

**During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?**

**(A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes**

Explain how these activities were conducted:

ESG considerations are integrated into our investment decision process and into our stewardship activities. This includes the social category, including human rights and labour standards. These aspects are considered as part of our standard due diligence and risk assessment process for new investments. In respect of global equities, we monitor the ESG performance of companies in the portfolio using MSCI ESG and controversy ratings. We engage primarily through our external specialist engagement provider CTI. CTI also reviews and identifies companies that may be in breach of human rights or other corporate good practice standards in order to develop a priority focus list for engagement (see ownership and engagement section).

(B) We assessed whether individuals at risk or already affected might be at heightened risk of harm

(C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts

(D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities

(E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?**

(A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities

**(B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities**

Describe:

Through the reo® service provided by Columbia Threadneedle Investments we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through investment activities.

(C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

# MANAGER SELECTION, APPOINTMENT AND MONITORING (SAM)

## OVERALL APPROACH

### EXTERNAL INVESTMENT MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 1	CORE	OO 21	N/A	PUBLIC	External investment managers	4

For the majority of your externally managed AUM in each asset class, which responsible investment aspects does your organisation consider important in the assessment of external investment managers?

	(1) Listed equity (active)	(2) Listed equity (passive)
<b>Organisation</b>		
(A) Commitment to and experience in responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Responsible investment policy(ies)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Governance structure and senior-level oversight and accountability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>People and Culture</b>		
(D) Adequate resourcing and incentives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Staff competencies and experience in responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Investment Process</b>		
(F) Incorporation of material ESG factors in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(G) Incorporation of risks connected to systematic sustainability issues in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Stewardship</b>		
(I) Policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Policy(ies) or guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Use of stewardship tools and activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(L) Incorporation of risks connected to systematic sustainability issues in stewardship practices	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Involvement in collaborative engagement and stewardship initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(N) Engagement with policy makers and other non-investee stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(O) Results of stewardship activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Performance and Reporting</b>		
(P) ESG disclosure in regular client reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(Q) Inclusion of ESG factors in contractual agreements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(R) We do not consider any of the above responsible investment aspects important in the assessment of external investment managers	<input type="radio"/>	<input type="radio"/>

## SERVICE PROVIDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2	CORE	OO 21	N/A	PUBLIC	Service providers	4

**Which responsible investment aspects does your organisation consider important when assessing all service providers that advise you in the selection, appointment and/or monitoring of external investment managers?**

- (A) Incorporation of their responsible investment policy into advisory services
- (B) Ability to accommodate our responsible investment policy
- (C) Level of staff's responsible investment expertise
- (D) Use of data and analytical tools to assess the external investment manager's responsible investment performance
- (E) Other

Specify:

While we rarely use external service providers to formally advise us on manager selection, we use our due diligence processes to assess service providers' level of expertise and commitment to RI as demonstrated by their policies and overall approach.

- (F) We do not consider any of the above responsible investment aspects important when assessing service providers that advise us in the selection, appointment and/or monitoring of external investment managers
- (G) Not applicable; we do not engage service providers in the selection, appointment or monitoring of external investment managers

## POOLED FUNDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 3	PLUS	OO 5.2, OO 21	N/A	PUBLIC	Pooled funds	4

**If you invest in pooled funds, describe how you incorporate responsible investment aspects into the selection, appointment and/or monitoring of external investment managers.**

**Provide example(s) below**

(A) Selection      N/A

(B) Appointment      N/A

(C) Monitoring      N/A



# SELECTION

## RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 4	CORE	OO 12, OO 21	SAM 5, SAM 6, SAM 7	PUBLIC	Responsible investment practices	General

During the reporting year, did your organisation select new external investment managers or allocate new mandates to existing investment managers?

- (A) Yes, we selected external investment managers or allocated new mandates to existing investment managers during the reporting year
  - (B) No, we did not select new external investment managers or allocate new mandates to existing investment managers during the reporting year
  - (C) Not applicable; our organisation is in a captive relationship with external investment managers, which applies to 90% or more of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 5	CORE	SAM 4	N/A	PUBLIC	Responsible investment practices	4

During the reporting year, what responsible investment aspects did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

### Organisation

(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)

Select from dropdown list

- (1) for all of our mandates
  - (2) for a majority of our mandates
  - (3) for a minority of our mandates

(B) Responsible investment policy(ies) (e.g. the alignment of their responsible investment policy with the investment mandate)

Select from dropdown list

- (1) for all of our mandates
  - (2) for a majority of our mandates
  - (3) for a minority of our mandates

(C) Governance structure and senior-level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)

Select from dropdown list

- (1) for all of our mandates
  - (2) for a majority of our mandates
  - (3) for a minority of our mandates

### People and Culture

(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

#### Investment Process

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

#### Performance and Reporting

(I) ESG disclosure in regular client reporting

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(J) Inclusion of ESG factors in contractual agreements

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(K) We did not review and evaluate any of the above responsible investment aspects when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

## STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 6	CORE	OO 8, OO 21, SAM 4	N/A	PUBLIC	Stewardship	4

During the reporting year, which aspects of the stewardship approach did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

(A) The alignment of their policy(ies) or guidelines on stewardship with the investment mandate

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates

- (3) for a minority of our mandates
- (B) Evidence of how they implemented their stewardship objectives, including the effectiveness of their activities**  
Select from dropdown list
  - (1) for all of our mandates
  - (2) for a majority of our mandates**
  - (3) for a minority of our mandates
- (C) Their participation in collaborative engagements and stewardship initiatives**  
Select from dropdown list
  - (1) for all of our mandates
  - (2) for a majority of our mandates**
  - (3) for a minority of our mandates
- (D) Details of their engagements with companies or issuers on risks connected to systematic sustainability issues**  
Select from dropdown list
  - (1) for all of our mandates
  - (2) for a majority of our mandates
  - (3) for a minority of our mandates**
- (E) Details of their engagement activities with policy makers**  
Select from dropdown list
  - (1) for all of our mandates
  - (2) for a majority of our mandates
  - (3) for a minority of our mandates**
- (F) Their escalation process and the escalation tools included in their policy on stewardship**  
Select from dropdown list
  - (1) for all of our mandates
  - (2) for a majority of our mandates**
  - (3) for a minority of our mandates
- (G) We did not review and evaluate any of the above aspects of the stewardship approach when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

## APPOINTMENT

## SEGREGATED MANDATES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 8	CORE	OO 5.2, OO 13, OO 21	N/A	PUBLIC	Segregated mandates	4

**Which responsible investment aspects do your organisation, or the service provider acting on your behalf, explicitly include in clauses within your contractual agreements with your external investment managers for segregated mandates?**

- (A) Their commitment to following our responsible investment strategy in the management of our assets**  
Select from dropdown list
  - (1) for all of our segregated mandates**
  - (2) for a majority of our segregated mandates
  - (3) for a minority of our segregated mandates
- (B) Their commitment to incorporating material ESG factors into their investment activities**  
Select from dropdown list
  - (1) for all of our segregated mandates
  - (2) for a majority of our segregated mandates**
  - (3) for a minority of our segregated mandates
- (C) Their commitment to incorporating material ESG factors into their stewardship activities**  
Select from dropdown list
  - (1) for all of our segregated mandates
  - (2) for a majority of our segregated mandates**
  - (3) for a minority of our segregated mandates

**(D) Their commitment to incorporating risks connected to systematic sustainability issues into their investment activities**

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates**
- (3) for a minority of our segregated mandates

**(E) Their commitment to incorporating risks connected to systematic sustainability issues into their stewardship activities**

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates**

**(F) Exclusion list(s) or criteria**

Select from dropdown list

- (1) for all of our segregated mandates**
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates

**(G) Responsible investment communications and reporting obligations, including stewardship activities and results**

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates**
- (3) for a minority of our segregated mandates

**(H) Incentives and controls to ensure alignment of interests**

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates**

**(I) Commitments on climate-related disclosure in line with internationally-recognised frameworks such as the TCFD**

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates**
- (3) for a minority of our segregated mandates

**(J) Commitment to respect human rights as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights**

Select from dropdown list

- (1) for all of our segregated mandates
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates**

**(K) Their acknowledgement that their appointment is conditional on the fulfilment of their agreed responsible investment commitments**

Select from dropdown list

- (1) for all of our segregated mandates**
- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates

**(L) Other**

- (M) We do not include responsible investment aspects in clauses within our contractual agreements with external investment managers for segregated mandates

# MONITORING

## RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 9	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	4

**For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' responsible investment practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?**

**(1) Listed equity (active)**

**(2) Listed equity (passive)**

**Organisation**

(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)



(B) Responsible investment policy(ies) (e.g. the continued alignment of their responsible investment policy with the investment mandate)



(C) Governance structure and senior level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)



**People and Culture**

(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)



(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)

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### Investment Process

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(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)

(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks, their response to ESG incidents)

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### Performance and Reporting

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(I) ESG disclosure in regular client reporting (e.g. any changes in their regular client reporting)

(J) Inclusion of ESG factors in contractual agreements

(K) We did not monitor any of the above aspects of our external investment managers' responsible investment practices during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	1

For the majority of your externally managed AUM in each asset class, how often does your organisation, or the service provider acting on your behalf, monitor your external investment managers' responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) At least annually	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Less than once a year	<input type="checkbox"/>	<input type="checkbox"/>
(C) On an ad hoc basis	<input type="checkbox"/>	<input type="checkbox"/>

## STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 13	CORE	OO 8, OO 21	N/A	PUBLIC	Stewardship	1, 2

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' stewardship practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Any changes in their policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The degree of implementation of their policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) How they prioritise material ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) How they prioritise risks connected to systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(E) Their investment team's level of involvement in stewardship activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Whether the results of stewardship actions were fed back into the investment process and decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Whether they used a variety of stewardship tools and activities to advance their stewardship priorities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) The deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Whether they participated in collaborative engagements and stewardship initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Whether they had an active role in collaborative engagements and stewardship initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Other	<input type="checkbox"/>	<input type="checkbox"/>
(L) We did not monitor our external investment managers' stewardship practices during the reporting year	<input type="radio"/>	<input type="radio"/>



## ENGAGEMENT AND ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 15	PLUS	OO 14, OO 21	N/A	PUBLIC	Engagement and escalation	4

Describe how your organisation engaged with external investment managers to improve their responsible investment practices during the reporting year.

N/A

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 16	CORE	OO 14, OO 21	N/A	PUBLIC	Engagement and escalation	4

What actions does your organisation, or the service provider acting on your behalf, include in its formal escalation process to address concerns raised during monitoring of your external investment managers' responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Engagement with their investment professionals, investment committee or other representatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Notification about their placement on a watch list or relationship coming under review	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Reduction of capital allocation to the external investment managers until any concerns have been rectified	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Termination of the contract if failings persist over a (notified) period, including an explanation of the reasons for termination	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Holding off selecting the external investment managers for new mandates or allocating additional capital until any concerns have been rectified	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(F) Other

(G) Our organisation does not have a formal escalation process to address concerns raised during monitoring

## VERIFICATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	OO 14, OO 21	N/A	PUBLIC	Verification	1

**For the majority of your externally managed AUM in each asset class, how did your organisation, or the service provider acting on your behalf, verify that the information reported by external investment managers on their responsible investment practices was correct during the reporting year?**

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We checked that the information reported was verified through a third-party assurance process	<input type="checkbox"/>	<input type="checkbox"/>
(B) We checked that the information reported was verified by an independent third party	<input type="checkbox"/>	<input type="checkbox"/>
(C) We checked for evidence of internal monitoring or compliance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Other	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not verify the information reported by external investment managers on their responsible investment practices during the reporting year	<input type="radio"/>	<input type="radio"/>

# SUSTAINABILITY OUTCOMES (SO)

## SETTING TARGETS AND TRACKING PROGRESS

### SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

(A) Sustainability outcome #1

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

- (B) Sustainability outcome #2
- (C) Sustainability outcome #3
- (D) Sustainability outcome #4
- (E) Sustainability outcome #5
- (F) Sustainability outcome #6
- (G) Sustainability outcome #7
- (H) Sustainability outcome #8
- (I) Sustainability outcome #9
- (J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

**(A1) Sustainability Outcome #1: Target details**

(A1) Sustainability Outcome #1:	Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.
(1) Target name	Reduction in emissions intensity
(2) Baseline year	2022
(3) Target to be met by	2025
(4) Methodology	<p>In 2016/17 the Guardians developed a Climate Change Investment Strategy, which was implemented with effect from June 2017. It included carbon reduction targets for the overall Fund, measured relative to our original unadjusted benchmark Reference Portfolio.</p> <p>We use carbon footprinting to measure the carbon exposure of the Fund, with the carbon footprint published each year following a third-party assessment.</p> <p>We set targets for the carbon emissions intensity of the global equities portfolio, which measures the portfolio in terms of carbon emissions per unit of output and provides a measure of the overall efficiency of the portfolio by comparing emissions with the economic activity that produces them.</p> <p>In 2022, we committed to net zero by 2050, joining the Paris Aligned Investment Initiative Net Zero Asset Owners Commitment.</p>

Our approach under the NZAOC is as follows:

Baseline date: 30 June 2022 – We set our targets relative to our reference portfolio. Therefore, our baseline is the emissions intensity of the Reference Portfolio in the current year.

Baseline performance: 194.8 Emissions Intensity per \$ of firms sales tonnes of CO<sub>2</sub>e/\$USm Sales

Target year: 2025

Target(s): 40% by 2025 emissions Intensity per \$ of firms sales tonnes of CO<sub>2</sub>e/\$USm Sales relative to the 2025 CO<sub>2</sub>e/\$USm Sales of the ACWI IMI.

GHG scopes included: Our targets are based on scope 1 and 2 emissions only due to data limitations for our unlisted assets.

However, we are looking to include scope 3 emissions over time. Our investments into Paris Aligned Benchmark indices already incorporate scope 3 emissions.

Asset classes in scope: Listed equity, direct investments, investment through funds, including real estate and infrastructure.

Currently, our market cap approach to accounting approach does not attribute emissions to fixed income. Further, we attribute nil emissions (and revenue) to our strategic tilting program and other market neutral strategies (mainly executed through derivatives), as well as life settlements, natural catastrophe insurance, active collateral, and 5G spectrum. We plan to review our approach to carbon accounting and whether these assets will be covered by our targets, should they have carbon attributed to them.

Methodology/net zero scenarios: We had targets in place prior to signing up to the Paris Aligned Asset Owners Commitment, so rather than setting a new target, we have tested whether our target was sufficiently ambitious.

The IPCC Special Report on Global Warming of 1.5oC suggests that real world emissions need to decrease by 50% by 2030. Our targets seek to deliver a 40% reduction 5 years earlier.

Emissions metrics: Our Reference Portfolio had 3.5m tonnes CO<sub>2</sub>-e scope 1 and 2 emissions and an emissions intensity of 230.7 per tonnes of CO<sub>2</sub>-e per US\$m revenue in 2019.

This compares to 2.9m tonnes CO<sub>2</sub>-e and a carbon intensity of 194.8 per tonnes of CO<sub>2</sub>-e per US\$m revenue in 2022. This means that our targets are more ambitious than the same percentage targets set against a historical benchmark – we would have achieved a 60.6% and a 56.9% respectively against the historic benchmark versus a 49.0% reduction compared to our actual benchmark. We will continue to monitor this and may review our targets if this changes.

In 2022, as part of a wider review of our responsible investment approach, the Board elected to change the ACWI IMI building block of our Reference Portfolio to the MSCI World Climate Paris Aligned Index and the MSCI EM Climate Paris Aligned Index.

As well as improving the overall ESG profile of the Fund, these indices will ensure that the Fund's passive global equity positions are better aligned with net zero objectives.

The new indices reduce GHG emissions intensity by 50%, reduce the GHG emissions intensity by a further 10% each year until 2050, integrate Scope 3 emissions into targets, underweight companies facing high transition and physical climate risk, increase allocation to companies with credible emissions reduction targets, increase exposure to green revenue and overweight companies providing climate solutions.

Although we have moved to Paris aligned indices, we continue to maintain the emissions intensity targets that are in place.

(5) Metric used (if relevant)	Emissions intensity in tonnes CO2e/\$m sales (amount of carbon emissions divided by \$m of company sales)
(6) Absolute or intensity-based (if relevant)	(2) Intensity-based
(7) Baseline level or amount (if relevant):	194.8 tonnes of CO2e/\$USm sales (emissions intensity)
(8) Target level or amount (if relevant)	40% by 2025 emissions Intensity per \$ of firms sales tonnes of CO2e/\$USm Sales relative to the 2025 CO2e/\$USm Sales of the ACWI IMI.
(9) Percentage of total AUM covered in your baseline year for target setting	40%
(10) Do you also have a longer-term target for this?	(1) Yes

**(A2) Sustainability Outcome #1: Target details**

(A2) Sustainability Outcome #1:	Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.
(1) Target name	
(2) Baseline year	
(3) Target to be met by	

(4) Methodology

(5) Metric used (if relevant)

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

(9) Percentage of total AUM covered in your baseline year for target setting

(10) Do you also have a longer-term target for this?

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2.1	PLUS	SO 1, SO 2	N/A	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your long-term targets.

	(1) Target name	(2) Long-term target to be met by	(3) Long-term target level or amount (if relevant)
(A1) Sustainability Outcome #1: Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.	Reduction in emissions intensity	2030	50% reduction

## FOCUS: SETTING NET-ZERO TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 1	Multiple, see guidance	PUBLIC	Focus: Setting net-zero targets	General

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

- (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
- (B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors
- (C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets
- (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
- (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

## TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

Does your organisation track progress against your nearest-term sustainability outcomes targets?

### (A1) Sustainability outcome #1:

(A1) Sustainability outcome #1:

Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.

Target name:

Reduction in emissions intensity

Does your organisation track progress against your nearest-term sustainability outcome targets?

(1) Yes



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

**During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?**

**(A1) Sustainability Outcome #1: Target details**

(A1) Sustainability Outcome #1:	Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.
(1) Target name	Reduction in emissions intensity
(2) Target to be met by	2025
(3) Metric used (if relevant)	Emissions intensity in tonnes CO2e/\$m sales (amount of carbon emissions divided by \$m of company sales)
(4) Current level or amount (if relevant)	In FY2021/22 we exceeded our emissions reductions targets. We reduced the carbon emissions intensity of the global equities portfolio by 49% and 91.2% of potential emissions from carbon reserves, compared with targets of 40% and 80% respectively by 2025. In FY2022/23 we again exceeded our emissions reductions targets. The Fund's 2023 carbon footprint has been reduced by an estimated -59.7% as measured by emissions intensity (target -40%) and -98.8% as measured by fossil fuel reserves (target -80%). These percentage reductions are measured against the Fund's unadjusted Reference Portfolio as at 30 June 2023 (i.e. what the Fund would have owned if we hadn't implemented the carbon reductions). The figures and methodology have been subject to limited external assurance and published as part of our Climate Change Report in October 2023.

In 2021 we signed up to the Net Zero Asset Owner Commitment. This includes a commitment to transitioning investments to achieve net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework to deliver these commitments.

(5) Other qualitative or quantitative progress

In 2022, as part of a wider review of our responsible investment approach, the Board elected to change the ACWI IMI building block of our Reference Portfolio to the MSCI World Climate Paris Aligned Index and the MSCI EM Climate Paris Aligned Index. As well as improving the overall ESG profile of the Fund, these indices will ensure that the Fund's passive global equity positions are better aligned with net zero objectives. The new indices:

- reduce the GHG emissions intensity by 50%;
- reduce the GHG emissions intensity by 10% each year until 2050;
- integrate Scope 3 emissions into targets;
- underweight companies facing high transition and physical climate risk;
- increase allocation to companies with credible emissions reduction targets;
- increase exposure to green revenue; and
- overweight companies providing climate solutions.

In 2023 we worked with our external managers to shift our multifactor mandates, benchmarking them to a Paris Aligned index and requiring them to meet the mandatory objectives of the Paris Aligned Benchmark. In May 2024, the Investment Committee agreed to shift the corporate portion of our passive bond mandate to a Paris Aligned benchmark. We plan to do further work on the fixed income portfolio in the next two years.

Engagement - Our Climate Change Investment Strategy has four pillars (GHG emissions reduction, analysis, search for opportunities that support the transition and engagement). The goal of the engage pillar is to improve the reporting and management of climate-related risks by the companies we invest in. We concentrate our direct engagement in New Zealand, where we have the scale to play a leadership role. Internationally, where we are a relatively small player, we focus on collaboration with others and lending support to the multilateral initiatives we believe will have the greatest impact. In the NZ context, through 2021 we worked with The Treasury and the other Crown Financial Institutions to develop the Crown Responsible Investment Framework, which was announced by the Minister of Finance in October 2021.

In response to the framework, the four investors committed to transitioning their investment portfolios to be aligned with a net zero emissions economy by 2050 or sooner. They joined the Paris Aligned Investment Initiative's Net Zero Asset Owners Commitment, committing to reductions in portfolio carbon footprint in line with a globally accepted pathway. The Funds also committed to seek to invest in climate solutions in New Zealand and abroad, consistent with their respective investment strategies and commercial mandates. Since the framework was developed the Funds have made significant changes to their investment portfolios, moving to low carbon indices as their global equities benchmarks.

In addition, the CFIs agreed to use their collective influence as asset owners to engage with companies on climate change and emissions reductions, with the objective of achieving net zero by 2050 or sooner. The framework sends a strong signal to the broader New Zealand investment industry that best practice is aligning around net zero by 2050 emissions targets. In May 2023, the CFIs began a programme of engagement on climate change with listed New Zealand companies, in particular the top 50 listed companies. The purpose of the engagement is to ensure that companies understand investor expectations as we transition to a low-carbon economy. This includes measuring and reporting on carbon and other GHG emissions in line with best-practice guidelines, and meaningful reduction plans.

The steps taken in the engagement programme include a joint position statement on climate change released in May 2023; CFIs sent a joint letter to the Chairs of all companies listed on the NZX50 in June setting out our expectations around climate change reporting and the transition to net zero; a CFI working group is working to determine priority companies for direct engagement, developing engagement plans for each company and will continue to monitor the response of other companies; CFIs expect to engage directly with 10 companies by December 2024 and will then review the outcome of the programme. The decision about which companies to engage directly is based on a combination of factors, including the company emissions profile, reporting (whether they have published TCFD report and their plan around reporting on climate related disclosures), whether they have emissions reductions targets, assessment of governance and strategy and their operating sector. The engagement programme leverages the mandatory climate related disclosure standards, released by the NZ External Reporting Board in December 2022.

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(6) Methodology for tracking progress

Annual carbon footprint report published; Climate Change Report published annually; Climate Action Plan submission required by as part of the Paris Aligned Asset Owner Commitment.

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# INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

## LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets**  
 Select from drop down list:
  - (1) Individually**
  - (2) With other investors or stakeholders**
- (B) Stewardship: engagement with external investment managers**  
 Select from drop down list:
  - (1) Individually**
  - (2) With other investors or stakeholders**
- (C) Stewardship: engagement with policy makers**  
 Select from drop down list:
  - (1) Individually**
  - (2) With other investors or stakeholders**
- (D) Stewardship: engagement with other key stakeholders**  
 Select from drop down list:
  - (1) Individually**
  - (2) With other investors or stakeholders**
- (E) Capital allocation**
- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year**

## CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 6	PLUS	SO 5	N/A	PUBLIC	Capital allocation	1

**During the reporting year, how did your organisation use capital allocation to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?**

### (A) Across all sustainability outcomes

(1) Capital allocation activities used

(3) Selection of and allocation to third-party funds

(2) Explain through an example

During the year, we increased the number of investments in sustainability outcomes through our dedicated investment category, the Sustainable Transition Opportunity. These included investments, for example, of US\$97 million into a sustainable solutions fund (which invests in high-growth companies that are shifting industries towards sustainability at scale) and a US\$100 million investment in a reforestation fund in South America and an investment of US\$100 million to a climate innovation fund.

### (B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.

(1) Capital allocation activities used

(5) Other

(2) Explain through an example

Adoption of Paris Aligned Benchmark indices - As noted previously, In 2022, as part of a wider review of our responsible investment approach, the Board elected to change the ACWI IMI building block of our Reference Portfolio to the MSCI World Climate Paris Aligned Index and the MSCI EM Climate Paris Aligned Index. As well as improving the overall ESG profile of the Fund, these indices will ensure that the Fund's passive global equity positions are better aligned with net zero objectives.

The new indices:

- reduce the GHG emissions intensity by 50%;
- reduce the GHG emissions intensity by 10% each year until 2050;
- integrate Scope 3 emissions into targets;
- underweight companies facing high transition and physical climate risk;
- increase allocation to companies with credible emissions reduction targets;
- increase exposure to green revenue; and
- overweight companies providing climate solutions.

One reason for supporting Paris Aligned indices was to support the development of the market.

In 2023 we worked with our external managers to shift our multifactor mandates, benchmarking them to a Paris Aligned index and requiring them to meet the mandatory objectives of the Paris Aligned Benchmark.

This change was implemented in the third quarter of 2023. In May 2024, the Investment Committee agreed to shift the corporate portion of our passive bond mandate to a Paris Aligned benchmark. We plan to do further work on the fixed income portfolio in the next two years.

## STEWARDSHIP WITH INVESTEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

**During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

### (A) Across all sustainability outcomes

(1) Describe your approach	We believe in being an active owner of assets and use the stewardship tools that are relevant to the specific asset to support sustainability outcomes.
(2) Stewardship tools or activities used	<ul style="list-style-type: none"> <li>(1) Engagement</li> <li>(2) (Proxy) voting at shareholder meetings</li> <li>(4) Nominating directors to the board</li> <li>(5) Leveraging roles on the board or board committees (e.g. nomination committees)</li> <li>(6) Taking roles on investee boards</li> <li>(7) Working directly with portfolio companies and/or real asset management teams</li> </ul>
(3) Example	

## (B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

**How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

(A) We prioritise the most strategically important companies in our portfolio.

Describe how you do this:

In the global context, our engagement on climate change and other sustainability issues is carried out through international collaborations with other investors and a specialist engagement service that covers global equities. This gives us a wider reach than we would have on our own. Through these channels, we engage in partnership with some very large international investors; collectively, our capital carries significantly more weight.

We use the Columbia Threadneedle Investments Responsible Engagement Overlay service (reo®) to lead engagements with the companies within our global equity portfolio.

As a reo® client, we are able to have an input into the annual process through which priority companies and themes are identified for engagement. We are also members or supporters of Climate Action 100+ and supported the establishment of the Transition Pathway Initiative. Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The Transition Pathway Initiative provides an independent, authoritative source of research and data into the progress being made by the financial and corporate world in making the transition to a low-carbon economy

We have voting guidelines on climate change and vote all of our shares in a consistent way.

Our default position is to support climate change-related resolutions, which we do unless there is a compelling reason not to. We recall shares that we have lent out to vote on significant climate change issues.

We prioritise the New Zealand market for direct stewardship activities, both with investee companies and through participating in local initiatives, particularly in respect of corporate governance, climate change, and for (in the NZ context) emerging areas such as modern slavery and natural capital. We prioritise companies and sectors where we have large investments in NZ and we prioritise NZX50 companies.

Select from the list:

- 1
- 3
- 4

(B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.

Describe how you do this:

We are working with other Government-owned investors on a collaborative initiative to engage with New Zealand companies on climate change. We have released a joint position statement on climate change and will engage directly with large New Zealand companies, initially those listed on the NZX50 ([https://nzsuperfund.nz/assets/Uploads/CFI\\_Climate\\_Change\\_Position\\_Statement\\_May\\_2023.pdf](https://nzsuperfund.nz/assets/Uploads/CFI_Climate_Change_Position_Statement_May_2023.pdf)). Our engagements with individual New Zealand companies will be prioritized according to the highest emitting NZX50 companies, seeking to:

\*understand their progress on climate change awareness, capability and commitments;

\*understand how they are meeting regulatory requirements on climate-related disclosures and reporting;

\*support companies to prepare for the transition by sharing knowledge of climate change risks and opportunities from the institutional investor perspective;

\*understand how companies' plans will align with our net zero commitments over time.

We will report publicly on the number of engagements and progress made in aggregate in our annual reports, but individual engagements will be confidential.

Select from the list:

- 2  
 3  
 4

(C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.

Describe how you do this:

We have prioritised companies in the NZX50 for engagement on climate change based on emissions profile, whether they have set emissions reduction targets and disclosures. In respect of global equities, we support the work of CA100+ and we contribute to the selection of priority companies identified by our external engagement services provider CTI reo®. We have written to companies listed on the NZX50 (50 companies), with letters signed by our Chair and guidance published on our website, and we are in the process of engaging directly with 10 companies. with a goal to engage with them by the end of calendar 2024.

Select from the list:

- 3  
 4

(D) Other



## STEWARDSHIP WITH EXTERNAL INVESTMENT MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 10	PLUS	OO 5, SO 5	N/A	PUBLIC	Stewardship with external investment managers	2

**During the reporting year, how did your organisation, or the external service providers acting on your behalf, engage with external investment managers to ensure that they take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

### (A) Across all sustainability outcomes

(1) Describe your approach

We are able to engage directly with our external investment managers in New Zealand as it is a small market. Our External Investments and Partnership team has close relationships with external managers that look after global equities portfolios. We incorporate expectations about ESG performance into Investment Management Agreements, we have regular conviction reviews about their performance and alignment with the Guardians, including ESG and sustainability, and we have ongoing dialogue with them. For example, in the 2022/23 financial year we have engaged extensively with the external managers of our actively managed multi-factor mandates about the ways they could improve the ESG profile of these portfolios and align them with our commitment to achieve net zero by 2050.

### (B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.

(1) Describe your approach

## STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 11	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

**During the reporting year, how did your organisation use engagement with policy makers to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

### (A) Across all sustainability outcomes

(1) Describe your approach	We believe that contributing to the formation of good public policy is part of our work as an institutional investor operating on a commercial basis. Our aim when commenting on public policy matters is to better inform policy decisions that affect the Guardians or the mandates that it manages. In commenting on public policy issues we will adhere to strict political neutrality. Our aim when commenting on public policy matters is to better inform policy decisions that affect the Guardians or the mandates that it manages.
(2) Engagement tools or activities used	<ul style="list-style-type: none"> <li>(1) We participated in 'sign-on' letters</li> <li>(2) We responded to policy consultations</li> <li>(3) We provided technical input via government- or regulator-backed working groups</li> <li>(4) We engaged policy makers on our own initiative</li> </ul>
(3) Example(s) of policies engaged on	In New Zealand we have actively engaged in the development of Climate Related Disclosure standards through the New Zealand External Reporting Board. We also engage in policy discussions, including on climate and carbon reduction, through peer organisations such as the IGCC and the Aotearoa New Zealand Stewardship Code. In February 2024 we signed a statement from the International Corporate Governance Forum to support the maintenance of corporate governance standards and shareholder protections in companies listed in the United Kingdom. We supported the statement because the UK sets a benchmark for corporate governance standards in New Zealand and other jurisdictions.

### (B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:	Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.
(1) Describe your approach	

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

## STEWARDSHIP: ENGAGEMENT WITH OTHER KEY STAKEHOLDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 12	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with other key stakeholders	2, 5

**Does your organisation engage with other key stakeholders to support the development of financial products, services, research, and/or data aligned with global sustainability goals and thresholds?**

### (A) Across all sustainability outcomes

(1) Key stakeholders engaged

(1) Standard setters  
 (2) Reporting bodies  
 (3) Stock exchanges  
 (6) External service providers (e.g. proxy advisers, investment consultants, data providers)  
 (7) Academia

(2) Provide further detail on your engagement

### (B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

Paris Aligned Asset Owners (PAAO) Commitment – We signed the PAAO Net Zero Asset Owner Commitment in 2021, committing to address climate change and its impact on society and the environment by supporting the outcome of limiting global warming to 1.5 degrees in line with the Paris Agreement. We committed to the goal of having net zero portfolio GHG emissions by 2050, or sooner, drawing on the Net Zero Investment Framework. The PAAO was set up as part of the Paris Aligned Investor Initiative.

(1) Key stakeholders engaged

(1) Standard setters  
 (2) Reporting bodies  
 (3) Stock exchanges  
 (5) Auditors  
 (6) External service providers (e.g. proxy advisers, investment consultants, data providers)

(2) Provide further detail on your engagement

In New Zealand we have actively engaged in the development of Climate Related Disclosure standards through the New Zealand External Reporting Board. We have also engaged with the NZX, service providers including MSCI, with listed companies and we have had discussions with auditors in respect to the provision of third-party limited assurance to our carbon footprint.

## STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

**During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

### (A) Initiative #1

(1) Name of the initiative

Crown Financial Institution (CFI) Climate Change Engagement with the NZX50

(2) Indicate how your organisation contributed to this collaborative initiative

- (A) We were a lead investor in one or more focus entities (e.g. investee companies)
- (B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
- (C) We publicly endorsed the initiative
- (D) We provided pro bono advice, research or training
- (E) We supported the coordination of the initiative (e.g. facilitating group meetings) or provided other administrative support
- (G) We were part of an advisory committee or similar
- (H) We contributed to the development of the initiative's materials and/or resources (e.g. co-authored a report)

(3) Provide further detail on your participation in this collaborative initiative

As outlined in the response to PGS40, in New Zealand, CFIs have a collaborative engagement on climate change with companies in the NZX50, with the objective of ensuring that local companies are addressing mandatory Climate Related Disclosure requirements, understand the need to develop a pathway for the transition to a low carbon economy and understand CFI expectations in respect of our commitment to having portfolios aligned with net zero by 2050. The Guardians has been leading the development of this engagement, which was launched in May 2023 and is ongoing. As part of this work, we have been collaborating with other CFIs on the engagement initiative, coordinated meetings and planning sessions, prepared materials for the working group and led working group meetings, led the development of company research and methods to share documents in a collaborative working space. To date we have led engagements with five companies and more engagements are in planning.

**(B) Initiative #2**

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(1) Name of the initiative

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(2) Indicate how your organisation contributed to this collaborative initiative

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(3) Provide further detail on your participation in this collaborative initiative

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**(C) Initiative #3**

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(1) Name of the initiative

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(2) Indicate how your organisation contributed to this collaborative initiative

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(3) Provide further detail on your participation in this collaborative initiative

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**(D) Initiative #4**

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(1) Name of the initiative

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(2) Indicate how your organisation contributed to this collaborative initiative

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(3) Provide further detail on your participation in this collaborative initiative

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# CONFIDENCE-BUILDING MEASURES (CBM)

## CONFIDENCE-BUILDING MEASURES

### APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
- (H) We did not verify the information submitted in our PRI report this reporting year

### THIRD-PARTY EXTERNAL ASSURANCE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 2	CORE	OO 21, CBM 1	N/A	PUBLIC	Third-party external assurance	6

For which responsible investment processes and/or data did your organisation conduct third-party external assurance?

- (A) Policy, governance and strategy
  - Select from dropdown list:
    - (1) Data assured
    - (2) Processes assured
    - (3) Processes and data assured
- (B) Manager selection, appointment and monitoring
  - Select from dropdown list:
    - (1) Data assured
    - (2) Processes assured
    - (3) Processes and data assured

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 3	PLUS	CBM 1	N/A	PUBLIC	Third-party external assurance	6

**Provide details of the third-party external assurance process regarding the information submitted in your PRI report.**

(1) Description of the third-party external assurance process

KPMG New Zealand provided limited assurance (dated 13 October 2023) in relation to Guardians of New Zealand Superannuation's ("GNZS") 2023 Carbon Footprint (Emissions Intensity and Fossil Fuel Reserves) for the period 1 July 2022 to 30 June 2023. The carbon footprint data for the FY2023/23 year is being collected and will be subject to third-party assurance before publication in October 2024. Members of our Internal Audit team have been involved in the Climate Related Disclosures working group.

KPMG conducted limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements other than audits or reviews of historical financial information and International Standard on Assurance Engagements (New Zealand) 3410 Assurance Engagements on Greenhouse Gas Statements ("ISAE (NZ) 3410"). KPMG believe that the evidence obtained is sufficient and appropriate to provide a basis for their conclusion. In accordance with those standards KPMG:

- used professional judgement to plan and perform the engagement to obtain limited assurance that the subject matter is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing assurance procedures, without expressing a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

In addition, in the first half of 2024 there has been a five-yearly independent review of the Guardians and the NZ Super Fund conducted by Willis Towers Watson.

The five-yearly independent review is a statutory requirement in the Guardians' legislated mandate. The external reviewer is appointed by the NZ Treasury.

(2) Assurance standard(s) used by the third-party assurance provider

- (A) PAS 7341:2020
- (B) ISAE 3000 and national standards based on this
- (C) Dutch Standard 3810N (Assurance engagements regarding sustainability reports)
- (D) RevR6 (Assurance of Sustainability)
- (E) IDW AsS 821 (Assurance Standard for the Audit or Review of Reports on Sustainability Issues)
- (F) Accountability AA1000 Assurance Standard (AA1000AS)
- (G) IFC performance standards
- (H) SSAE 18 and SOC 1
- (I) Other national auditing/assurance standard with guidance on sustainability; specify:
- (J) Invest Europe Handbook of Professional Standards
- (K) ISAE 3402 Assurance Reports on Controls at a Service Organisation
- (L) AAF 01/20
- (M) AAF 01/06 Stewardship Supplement
- (N) ISO 26000 Social Responsibility
- (O) ISO 14065:2020 General principles and requirements for bodies validating and verifying environmental information
- (P) ASAE 3410 Assurance Engagements on Greenhouse Gas Statements
- (Q) PCAF
- (R) NGER audit framework (National Greenhouse and Energy Reporting)
- (S) Auditor's proprietary assurance framework for assuring RI-related information
- (T) Other greenhouse gas emissions assurance standard; specify:

(3) Third-party external assurance provider's report that contains the assurance conclusion

## INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

### What responsible investment processes and/or data were audited through your internal audit function?

- (A) Policy, governance and strategy  
 Select from dropdown list:
- (1) Data internally audited
  - (2) Processes internally audited
  - (3) Processes and data internally audited
- (B) Manager selection, appointment and monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 5	PLUS	CBM 1	N/A	PUBLIC	Internal audit	6

### Provide details of the internal audit process regarding the information submitted in your PRI report.

In 2022/23 the Guardians' Audit Committee requested assurance that the RI (SI) procedures and processes advised to the Crown are operating effectively.

Two core RI processes were included in Internal Audit reviews since the last PRI Assessment, both of which all support our core investment activities:

- Stewardship processes, i.e. the processes for (proxy) voting and the engagement with companies in which we invest;
- Integration (Exclusion/Negative Screening) processes, i.e. the processes for maintaining and applying the Exclusions List for restricted listed securities.

The audit found the processes established for our Exclusions (Negative Screening of listed securities) and Engagement activities to be operating effectively and were consistent with responses provided to the Crown's recent enquiries. They did not identify any findings in the audit.

A second audit assessed the adequacy of controls for ensuring (proxy) voting processes are managed and monitored efficiently and effectively. The audit found that processes and control activities undertaken to exercise the Fund's voting rights are well managed and carried out efficiently. Management have demonstrated clear understanding of the risks involved and actively manages and monitors them well. The audit team did not identify any significant control weaknesses within the voting processes.



## INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent**
  - Sections of PRI report reviewed
    - (1) the entire report**
    - (2) selected sections of the report
  - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year