Guardians of New Zealand Superannuation

VENTURE CAPITAL FUND
STATEMENT OF INVESTMENT POLICIES, STANDARDS AND PROCEDURES

5 AUGUST 2026

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1 Introduction

Purpose of this document

1.1 This Statement of Investment Policies, Standards and Procedures (**SIPSP**) sets out the policies, standards and procedures established by the Guardians of New Zealand Superannuation (**Guardians**) for the investment, management and administration of the Venture Capital Fund (**VCF**). It is intended to satisfy the requirements of sections 27 and 28 of the Venture Capital Fund Act 2019 (**VCF Act**).

Definitions and interpretation

1.2 In this SIPSP:

(a) Unless the context otherwise requires, terms defined in the VCF Act and Policy Statement have the same meaning.

(b) **“Elevate GP”** means Elevate NZ Venture Fund GP Limited, a wholly-owned subsidiary of NZGCP.

(c) “**Elevate Partnership**” is the Elevate NZ Venture Fund LP, a limited partnership established as the vehicle for investing the VCF with the Guardians as Limited Partner and Elevate GP as General Partner.

(d) “**NZGCP**” means New Zealand Growth Capital Partners Limited (formerly New Zealand Venture Investment Fund Limited), a Crown entity company.

(e) “**Policy Statement**” means the Ministerial policy statement issued under the VCF Act that came into effect on 4 July 2023.

(f) “**VCF Governing Documents**” means the contractual arrangements establishing and governing the Elevate Partnership and the appointment of NZGCP as Manager of the Elevate Partnership.

Review

1.3 This SIPSP is effective 5 August 2026.

The Guardians must review this SIPSP at least annually and any changes to this SIPSP must be approved by the Board.

2 VCF purpose, mandate and policy settings

Statutory purpose of the VCF

2.1 The statutory purpose of the VCF is to contribute to a sustainable and productive economy by increasing the venture capital available to New Zealand entities and developing New Zealand's venture capital markets so that, over time, more venture capital is available from sources other than the VCF, invested entities are more likely to grow into successful and sustainable businesses, and the market becomes self-sustaining.

2.2 The Guardians is responsible for managing and administering the VCF in accordance with the requirements of the VCF Act. It is not solely responsible for achieving the broader market-development purpose of the VCF, which also depends on the policy settings established by the Policy Statement and implementation of a range of ancillary measures to support the wider development of New Zealand's venture capital markets.

Statutory investment mandate for the VCF

2.3 Under the VCF Act, the Guardians is responsible for investing the VCF. It must:

(a) invest the VCF in New Zealand's venture capital markets using best-practice investment management appropriate for institutional investment in those markets, subject to any mandatory directions given to the Guardians under the Policy Statement, and

(b) manage and administer the VCF consistently with the Policy Statement and in a manner that avoids prejudice to New Zealand's reputation as a responsible member of the world community.

Policy Statement

2.4 The VCF Act requires the Minister to issue a Policy Statement specifying high-level requirements for the investment of the VCF. In managing and administering the VCF, the Guardians must give effect to the mandatory directions in the Policy Statement and must have regard to the Government expectations identified in that statement.

2.5 The current Policy Statement requires the VCF to be invested in the New Zealand venture capital market using a fund-of-funds model, sets minimum New Zealand connection and New Zealand entity exposure thresholds, limits foreign fund exposure and co-investment exposure, and requires minimum matching private capital. The Policy Statement also records Government expectations regarding deployment timing, the return of residual capital to the Crown, and relevant aspects of the Government's economic strategy and plan to transition to a low-emissions economy.

2.6 The Policy Statement must not require any part of the VCF to be invested in a particular entity or fund, or require the Guardians to use a particular evaluation methodology or performance standard for assessing whether a direction has been given effect to. Where venture capital is made available indirectly through funds, the Guardians is not required to verify that any particular entity is, in fact, a New Zealand entity.

Implementation of the Policy Statement

2.7 The Guardians is required to give effect to the Policy Statement's mandatory directions by including appropriate provisions in the contract or other arrangement put in place to manage the VCF.

3 VCF Ownership, Governance and Management Structure

Ownership of the VCF

3.1 The VCF is the property of the Crown and is not a separate legal entity. It consists of capital contributions paid into the VCF by the Crown, VCF investments, money accruing from those investments and any other money lawfully payable into the VCF.

3.2 Payments may be made from the VCF only for the purposes permitted by the VCF Act and must be authorised by the Guardians.

3.3 The Guardians has entered into an Uncalled Capital Contribution Agreement with the Crown under which capital contributions are made available. Under this agreement, the Guardians may request a capital contribution, with at least 10 business days' notice, to apply towards the capital commitments of the VCF or to payments permitted under section 12 of the VCF Act

Governance

3.4 The Board has ultimate responsibility for the overall governance framework for the VCF.

3.5 Management is responsible for implementing policies, standards and procedures established by this SIPSP, supporting Board oversight, maintaining the contractual and monitoring framework for the VCF, and exercising any delegated authority in accordance with Board-approved delegations.

VCF management structure

3.6 The Guardians has overall responsibility for investing the VCF in accordance with the statutory investment mandate (refer *section 2*). However, as required by the Policy Statement, the VCF must be invested using a Fund-of-funds model.

3.7 The Fund-of-funds manager is responsible for the evaluation, selection, monitoring and management of the investment in each of the Underlying Funds in which the Fund-of-funds invests in accordance with the terms of its governing document(s).

Current VCF management arrangement

3.8 The VCF is implemented through the Elevate Partnership, which has been established as a VCF investment vehicle to undertake all investment of the VCF via a Fund-of-funds model.

3.9 As required by the VCF Act, NZGCP has been appointed as the Manager of the Elevate Partnership.

3.10 The terms on which NZGCP has been appointed to undertake investment of the VCF are set out in the VCF Governing Documents.

3.11 The Manager is responsible for identifying and developing investment opportunities in underlying venture capital funds and other permitted investments, assessing those opportunities, conducting due diligence, determining the structure and terms of investments, acquiring, managing, monitoring and realising investments, and reporting in accordance with the VCF Governing Documents.

3.12 The Elevate Partnership's investment decision-making structure includes the Manager's Investment Committee, whose approval is required for the making and realisation of investments, and a Limited Partnership Advisory Committee **(LPAC),** which has consultation, and oversight functions as well as approval rights in certain situations. The LPAC includes two members who are Guardians' employees.

3.13 The Guardians oversees NZGCP's performance as Manager through the rights, reporting arrangements and approval mechanisms in the VCF Governing Documents.

The Guardians’ oversight role does not involve day-to-day management or control of the Elevate Partnership.

4 Appointment and Monitoring of Investment Managers

Current appointment

4.1 Under the current statutory and contractual framework, NZGCP is the sole investment manager for the VCF.

4.2 A decision to terminate NZGCP's appointment requires Board approval.

Selection criteria for future investment manager appointments

4.3 If NZGCP's appointment is terminated, the Guardians may elect to undertake investment of all or part of the VCF itself and/or appoint one or more external managers to undertake the investment of any part of the VCF. The chosen approach must be consistent with investing, managing and administering the VCF in accordance with sections 17 and 18 of the VCF Act.

4.4 The selection process for the appointment of an investment manager for the VCF will be based on the Guardians' framework for selecting external managers for the New Zealand Superannuation Fund, adapted as appropriate to reflect the VCF Act and Policy Statement. The selection criteria will include:

- statutory compliance capability, and ability to operate consistently with the VCF Act and Policy Statement including the obligation to manage and administer the VCF in a manner consistent with the Policy Statement and avoiding prejudice to New Zealand's reputation as a responsible member of the world community;
- proven capability in institutional investment management;
- demonstrated ability to implement a Fund-of-funds or related venture capital mandate of comparable complexity;
- governance quality, including key person depth, decision-making controls and conflicts management;
- ability to source, diligence, monitor, manage and exit investments prudently and commercially and in accordance with best practice investment management;
- financial viability, operational resilience, reporting capability, legal compliance and record-keeping quality;
- alignment of interests, including fee structure and treatment of related-party and allocation conflicts; and
- capability to support sustainable investment.

4.5 Given the developing nature of the New Zealand venture capital market, not all of these criteria may be met immediately and we will assess capacity to develop the capabilities over time.

4.6 Frameworks established by the Guardians to assess external managers for the New Zealand Superannuation Fund (including its *Conviction Framework*, *New Investment Implementation Framework*, and *Fee Evaluation Framework*) will be utilised, as appropriate, for the assessment of a candidate investment manager's capability and suitability.

4.7 The appointment of an investment manager for the VCF must be approved by a person with the requisite delegated authority under the delegations framework established by the Guardians' *Delegations Policy.*

4.8 The instrument of appointment for a new manager must specify the powers and rights of the appointee (including any permitted delegation of powers), and include terms that enable the Guardians to perform its duties under the VCF Act and Policy Statement and monitor the appointee's compliance and performance.

4.9 The Guardians' *Conviction*, *New Investment Implementation* and *Fee Evaluation Frameworks* for the New Zealand Superannuation Fund are set out in its *Investments Policy* and related *Investment Procedures*, which can be found on the New Zealand Superannuation Fund's website.

Monitoring of investment managers

4.10 The Guardians will maintain a framework for monitoring NZGCP (and any other manager appointed to invest the VCF) that includes:

- undertaking an annual conviction assessment of the manager using the Guardians' *Conviction Framework* for the New Zealand Superannuation Fund's external managers, adapted as appropriate;
- regular engagement with the manager, including through the LPAC;
- requiring and reviewing reporting and compliance certifications from the manager under the terms of its appointment that enable the Guardians to comply with its duties under the VCF Act.

4.11 The Guardians' Lead Investment Professional (**LIP**) assigned to the VCF has responsibility for ongoing relationship management and monitoring performance. The LIP may be appointed as a member of the LPAC. The appointment of a member of the LPAC by the Guardians must be approved by a person with the requisite delegated authority under the delegations framework established by the Guardians' *Delegations Policy.*

5 Investment Strategy

5.1 Currently, the whole of the VCF is invested through the Elevate Partnership on a Fund-of-funds model managed by NZGCP, as required by the VCF Act and Policy Statement.

5.2 NZGCP is responsible for identifying, assessing, monitoring, managing and exiting investments in Underlying Funds and other permitted investments in accordance with the VCF Governing Documents. Those terms reflect the requirements of the VCF Act and Policy Statement.

5.3 Accordingly, the Guardians does not currently undertake direct investment of any part of the VCF. The Guardians will not make direct investment decisions for the VCF unless it first establishes appropriate investment policies, standards and procedures for doing so, including selection criteria, consistent with the VCF Act and Policy Statement, and reflects them in this SIPSP.

6 VCF Performance Standards

6.1 The VCF Act and Policy Statement do not set benchmark return expectations for the VCF, reflecting that a key purpose of establishing the VCF is to contribute to a more developed and sustainable New Zealand venture capital market, rather than maximising financial performance.

6.2 The performance of the VCF as a whole must be assessed in light of the VCF's statutory purpose, the requirements of the VCF Act and Policy Statement, the Fund-of-funds model, the long-dated and illiquid nature of venture capital investment, and the role of NZGCP as Manager.

6.3 Within that context:

- the investment activity and performance of the VCF will be assessed for compliance with the statutory investment mandate and requirements of the Policy Statement, alongside pure financial performance; and
- the performance of NZGCP as Manager of the VCF (and any future investment manager) will be assessed using the Guardians' *Conviction Framework* for the New Zealand Superannuation Fund's external managers, adapted as appropriate in light of the broader framework and purpose of the VCF.

6.4 The terms of the VCF Governing Documents include (and the terms of appointment of any future investment manager for the VCF must include) reporting requirements that enable the Guardians to assess the performance of the VCF and its manager.

6.5 An investment manager for the VCF will be required to maintain a conviction assessment outcome that is satisfactory to the Guardians, having regard to manager's mandate, performance, compliance, capability, governance, operational resilience, sustainable investment capability and alignment of interests.

6.6 Where a manager does not meet the Guardians' required conviction or compliance standards we may require remediation to ensure that improvements are made and that standards are met over time, undertake enhanced monitoring or, if considered appropriate, exercise contractual rights including termination or replacement rights. These rights will be exercised by a person with requisite delegated authority under the delegations framework established by the Guardians' *Delegations Policy.* A decision to terminate NZGCP's appointment requires Board approval.

6.7 Guardians is not responsible for market development activities. NZGCP reports on metrics that will assist the Minister to assess the effectiveness of the Policy Statement, and other policy initiatives that sit outside the VCF programme, in achieving the wider market development objectives.

7 Reporting Standards

Investment Performance Reporting

7.1 The Guardians will report on the investment performance of the VCF using a reporting framework that is appropriate for institutional investment in New Zealand venture capital markets and consistent with the requirements of the VCF Act, applicable financial reporting standards, and the Policy Statement.

7.2 The VCF is currently invested through the Elevate Partnership. Under the VCF Governing Documents, the General Partner is required to provide the Guardians with annual year-end reporting, quarterly investment reporting, compliance reporting and certification, and other information reasonably required by the Guardians to enable it to meet its legal, regulatory, tax, financial reporting, annual reporting, Statement of Intent, Statement of Performance Expectations, general monitoring and "no surprises" reporting obligations in respect of the VCF.

7.3 The outcome of the annual conviction review for NZGCP as Manager (and any future investment manager for the VCF) will be reported in the Guardians' annual report where relevant.

Statutory Reporting Requirements

7.4 The Guardians' annual report must include, in relation to the VCF:

- the VCF's annual financial statements for that year prepared in accordance with generally accepted accounting practice;
- an audit report for the financial statements from the Auditor-General;
- an analysis and explanation of the performance of the VCF over the financial year;
- a schedule of the investment managers and custodians used by the Guardians in relation to the VCF during that financial year and the classes of investments for which each was responsible;
- statutory responsibility statements and certifications;
- any other information that the Minister directs the Guardians to include.

7.5 The Guardians' annual Statement of Performance Expectations and three-yearly Statement of Intent includes performance expectations for the VCF. Those expectations provide a basis for public accountability reporting on the VCF through the Guardians' annual report.

Reporting to the Minister of Finance

7.6 The Guardians reports quarterly to the Minister of Finance covering important developments relating to the Guardians and the VCF and on an ad hoc basis as required by the "no surprises" reporting protocol.

7.7 NZGCP also separately reports to the Minister for Economic Growth on important developments and provides certain early stage market data (covering Elevate and its other early stage markets activities) to officials at Ministry of Business, Innovation & Employment.

8 Sustainable Investment

Background

8.1 This section sets out policies, standards and procedures for sustainable investment for the VCF. For the purposes of this document, sustainable investment encompasses ethical investment.

8.2 Under the VCF Act, the Guardians must:

- invest the VCF in New Zealand's venture capital markets using best-practice investment management that is appropriate for institutional investment in those markets (but subject to certain aspects of the Policy Statement); and
- manage and administer the VCF in a manner consistent with (a) the Policy Statement and (b) avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

8.3 Implementing these sustainable investment policies, standards and procedures is how we manage and administer the VCF in a manner consistent with avoiding prejudice to New Zealand's reputation as a responsible member of the world community, which is part of our duty under section 18 of the VCF Act and the Policy Statement. It is also an important part of best-practice investment management that is appropriate for institutional investment in new Zealand's venture capital markets.

8.4 The Guardians' has other policies and procedures that also support that obligation. For example, our *Communications & Engagement Policy* and related *Procedures* also support that part of our mandate by setting an approach to communications designed to maintain our reputation and the trust of our stakeholders.

8.5 Our sustainable investment approach reflects our belief that sustainability considerations, including climate change, are fundamental to long-term risk and return. Consistent with the underlying statutory purpose of the VCF, sustainable investment is not limited to managing environmental, social and governance (**ESG**) risks. It also seeks to support the development of successful and sustainable businesses, promote responsible investment practices across the venture capital ecosystem, and contribute to long-term value creation through appropriate consideration of sustainability-related risks and opportunities.

8.6 The VCF has a distinct mandate and structure. By statutory design it is invested on a Fund-of-funds basis, with NZGCP appointed as Manager to undertake investment of the VCF in New Zealand's venture capital markets. The Elevate Partnership has been established as the vehicle through which the VCF invests.

8.7 Responsibility and influence therefore operate through several layers:

- the Guardians is responsible for the overall management and administration of the VCF, including the appointment and oversight of the Fund-of-funds manager (currently NZGCP);
- NZGCP as the current Fund-of-funds manager is responsible for identifying, selecting, monitoring and managing the underlying venture capital fund managers in which the Elevate Partnership invests; and
- those underlying fund managers are in turn responsible for identifying, assessing and managing ESG issues relating to the companies in which they invest.

8.8 As a result, the Guardians does not make investment decisions for the Elevate Partnership and does not directly identify, select, monitor or manage the underlying venture capital funds or the companies in which those funds invest.

8.9 The Guardians' ability to influence sustainable investment outcomes is principally through the terms of NZGCP's appointment, the VCF Governing Documents, oversight of NZGCP, engagement with NZGCP regarding responsible investment practices, and periodic assessment of NZGCP's performance and capability. The Guardians does not have the same level of control or influence as it may in other investment contexts.

8.10 The VCF primarily invests through the Elevate Partnership in New Zealand venture capital funds or offshore funds investing in New Zealand entities. As a result, the VCF operates largely within New Zealand's legal, regulatory and governance framework. While this does not eliminate ESG risks, it provides a level of assurance that the VCF's activities are consistent with not prejudicing New Zealand's reputation as a responsible member of the world community.

8.11 However, the Elevate Partnership invests in a single asset class within a relatively concentrated and developing market. The available manager opportunity set is limited, and underlying managers may be at different stages of developing their responsible investment and governance capabilities.

8.12 In addition, venture capital commonly involves illiquid investments in early-stage and high-growth companies where business models, technologies, products, customer bases and end uses may evolve over time. These characteristics can create sustainability risks that may not be fully apparent at the point of investment, and which cannot always be avoided or eliminated.

8.13 Sustainable investment actions in respect of the VCF, including engagement, exclusions, ESG integration, are primarily implemented through the terms of the VCF Governing Documents.

Sustainable investment approach for the VCF

8.14 We are committed to integrating sustainability considerations into the management and administration of the VCF in a manner that is appropriate to its mandate, governance arrangements, and Fund-of-funds structure.

8.15 We will seek to ensure that sustainability considerations are appropriately reflected in the appointment, oversight and monitoring of NZGCP, including having regard to relevant requirements and expectations set out in the VCF Act and Policy Statement.

Sustainable investment obligations

8.16 We will include contractual sustainable investment obligations within the VCF Governing Documents which reflect our obligations under the VCF Act and Policy Statement, including the obligation to manage and administer the VCF in a manner consistent with avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

8.17 Imposing contractual sustainable investment obligations on NZGCP is the principal way that the Guardians manage and administer the VCF in a manner consistent with avoiding prejudice to New Zealand's reputation as a responsible member of the world community, recognising that the Guardians does not directly control the investment decisions of underlying fund managers or their portfolio companies.

Summary of contractual sustainable investment obligations

8.18 The VCF Governing Documents include obligations for NZGCP or the General Partner, as applicable to:

- manage and administer the Elevate Partnership in a manner consistent with the objective of avoiding prejudice to New Zealand's reputation as a responsible member of the world community;
- observe high ethical standards and comply with applicable legal and regulatory requirements; integrate ESG considerations into its due diligence investment

selection and ongoing management of investments, and require its underlying fund managers to do the same;

- adopt and maintain a formal responsible investment framework ("responsible investment" was the terminology we used when the VCF was formed, but for the purposes of the VCF is in all relevant respects the same as "sustainable investment") that integrates consideration of ESG risk into investment decision-making;
- work towards best-practice governance arrangements with each underlying fund in which the Elevate Partnership invests;
- include ESG risk assessment as part of manager selection and due diligence;
- monitor significant ESG risks identified during manager due diligence or through ongoing monitoring;
- consider plans to address, manage or minimise significant ESG risks where appropriate.

Prohibited investments

8.19 The VCF Governing Documents include a prohibition on the Elevate Partnership making an investment in:

- any entity that is listed or described from time to time, including by way of predominant business activity or other objective criteria, as an excluded company under the Sustainable Finance webpage published by the New Zealand Superannuation Fund; or
- any entity that engages in excluded activities noted on that webpage.

8.20 The General Partner must ensure that the terms on which the Elevate Partnership invests into any underlying fund or foreign fund investment include a restriction on that underlying fund or foreign fund investment making any such prohibited investments.

8.21 The prohibited investment restrictions are designed to ensure that the VCF is not invested in entities on the New Zealand Superannuation Fund's exclusion list. The procedures relating to the adoption of exclusions are as set out in the *Sustainable Investment Procedures* for the New Zealand Superannuation Fund.

Monitoring, reporting and oversight

8.22 We monitor implementation of the contractual sustainable investment obligations through the reporting, certification, information and oversight rights available under the VCF Governing Documents.

8.23 We undertake an annual **conviction** review of NZGCP as Manager of the Elevate Partnership, as further detailed in *section 4*. Our conviction assessment takes into account our assessment of NZGCP's performance of its contractual sustainable investment obligations.

8.24 The Guardians Sustainable Investment Team supports oversight of the sustainable investment performance of the Elevate Partnership.

8.25 The LPAC oversees the Elevate Partnership and NZGCP (as Manager) on a periodic basis. The LPAC receives regular reporting on ESG issues arising within the Elevate Partnership portfolio.

8.26 We will use our governance, approval, escalation, removal, replacement and other contractual rights under the VCF Governing Documents where appropriate to support compliance with the sustainable investment requirements applying to the VCF and our obligation to manage and administer the VCF in a manner consistent with avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

9 Governance framework for VCF investment vehicles

Use of VCF investment vehicles

9.1 A VCF investment vehicle may be formed or controlled only for the purpose of holding, facilitating, or managing the investments of the VCF. Interests in a VCF investment vehicle form part of the VCF.

Governance standards

9.2 The governance framework for a VCF investment vehicle will be set out in the contractual arrangements establishing the vehicle and must be designed to enable the Guardians to discharge its statutory responsibilities for the investment, management and administration of the VCF, while recognising the legal form and governance arrangements of the relevant vehicle.

9.3 Any VCF investment vehicle controlled by the Guardians will be reflected in the annual financial statements for the VCF, which are prepared and audited in accordance with applicable law, as part of the overall governance and accountability framework for the VCF.

9.4 Although VCF investment vehicles are not subject to the Official Information Act, the Guardians will ensure that it has the information about VCF investment vehicles necessary for the Guardians to manage and administer the VCF in accordance with its statutory duties.

Current VCF investment vehicle

9.5 The Guardians has established the Elevate Partnership as a VCF investment vehicle. All current VCF investments are made through, and held by, the Elevate Partnership.

9.6 The governance framework for the Elevate Partnership is established by the VCF Governing Documents and include:

- clear allocation of roles and responsibilities between the Guardians, General Partner, Manager, Manager's Investment Committee and LPAC for the Elevate Partnership;
- requirements that the Elevate Partnership be operated in accordance with the VCF Act, Policy Statement and terms of the Governing Documents;
- approval and reserved matter rights for the Guardians or the LPAC in relation to specified matters, including changes to key governance arrangements, conflicts of interest, investments outside specified investment criteria, changes to valuation methodology, related party transactions, litigation, and removal or replacement of the General Partner or Manager;
- reporting, certification, access and information rights sufficient to enable the Guardians to monitor the Elevate Partnership and meet its legal, regulatory, financial reporting, accountability and "no surprises" obligations; and
- escalation, termination, removal, replacement and orderly wind-up mechanisms, including where the General Partner or Manager is in material breach, ceases to satisfy required standards, or where the VCF is required to be wound up.

10 Derivatives, borrowing, and other financial instruments

Derivatives

10.1 Currently, the Guardians does not use, or envisage using, derivative financial instruments in the course of its role in managing and administering the VCF. If this approach changes, policies, standards and procedures relating to the use of derivatives will be established, and any necessary Ministerial approvals will be obtained, prior to using any derivative financial instruments.

Borrowing

10.2 The Guardians may not, without the approval of the Minister of Finance, borrow money in respect of the VCF, charge VCF property as security, or hold any financial instrument that places or may place a liability or contingent liability on the VCF or the Crown. Currently, the Guardians does not undertake, envisage undertaking, any activities that require Ministerial approval. If this approach changes, policies, standards and procedures relating to those activities will be established, and any necessary Ministerial approvals will be obtained, prior to undertaking such activities.

11 Risk Management

11.1 The Guardians will maintain a risk management framework for the VCF that is appropriate for its context, including the following:

- The VCF Act required the Guardians to appoint NZGCP to undertake investment of the whole of the money of the VCF and the Guardians does not make investment decisions for the VCF.
- The Policy Statement requires the VCF to be invested in the New Zealand Venture Capital Market using a Fund-of-funds model and sets the key policy parameters for that exposure.
- The VCF is invested through the Elevate Partnership.

11.2 Credit, liquidity, operational, currency, market, and other financial risks for the VCF are managed through contractual and governance controls in the VCF Governing Documents. These include:

- appropriate investment constraints;
- requirements for capital call and cash management arrangements;
- reporting and certification requirements;
- valuation and insurance requirements;
- approval or escalation rights for specified matters; and
- monitoring NZGCP through ongoing monitoring and conviction assessment.

11.3 NZGCP, as Manager, is responsible for identifying and assessing investment opportunities, conducting due diligence, managing and monitoring investments, maintaining records, exiting investments and reporting in accordance with the VCF Governing Documents.

11.4 The managers of the Underlying Funds that the VCF invests in are responsible for making investment decisions within their own investment mandates and for managing investment risks within those funds. NZGCP monitors the performance of the VCF's investments, including each Underlying Fund's continued satisfaction of relevant investment criteria and Policy Statement requirements.

11.5 The Guardians monitors VCF risk through regular reporting from the General Partner and Manager under the VCF Governing Documents, including quarterly and annual reporting, compliance reports and certificates, notifications of significant ESG or governance issues, and notifications of material adverse events.

11.6 The Guardians may use its contractual approval, escalation, removal, replacement and wind-up rights where appropriate to manage risks to the VCF and to the Guardians' ability to comply with its statutory obligations.

12 Valuation of Unlisted Assets

12.1 The VCF is invested through the Elevate Partnership using a Fund-of-funds model. Investments are valued at fair value in accordance with applicable financial reporting standards, the Guardians' *Investment Valuation Policy* and, where applicable, the International Private Equity and Venture Capital Valuation Guidelines.

12.2 Fair value is determined using the valuation methodology that is most appropriate in the circumstances having regard to the nature of the investment, the availability and reliability of valuation information, and the fair value hierarchy established under applicable financial reporting standards.

12.3 The fair value of interests in venture capital investment funds is generally determined using information provided by the relevant manager or administrator and, where applicable, by reference to the fair value of the underlying net assets or securities of the fund.

12.4 Under the VCF Governing Documents, the annual portfolio report that the General Partner is required to provide to the Guardians must include an assessment of the status and value of each investment applying the International Private Equity and Venture Capital Valuation Guidelines. Any change in valuation methods used by the Elevate Partnership is subject to LPAC approval where required under the VCF Governing Documents.

12.5 The VCF's investments are valued at least annually, and earlier where there is evidence of impairment or another material event that may affect fair value. Capital flows are reflected immediately when they occur.

12.6 The Valuation Working Group is responsible for ensuring that the valuations of VCF's investments adopted in the annual financial statements have been determined based on the valuation methodology and frequency as set out in the *Investment Valuation Policy*.

13 Investment Constraints

13.1 The VCF Act does not itself specify any prohibited asset classes. Instead the principal investment constraints for the VCF are imposed through the Policy Statement issued under the Act and implemented through the Governing Documents for the Elevate Partnership.

13.2 The core Policy Statement requirements are that:

- The VCF must be invested in the New Zealand Venture Capital Market based on a Fund-of-funds model.
- At least 70% of Net Committed Capital must be allocated for investment in funds with a New Zealand Connection and those funds must allocate at least 75% of their aggregate investable capital to Series A and B Capital in New Zealand Entities. No more than 10% of the aggregate investable capital of those funds may be allocated to entities that do not qualify as New Zealand Entities.
- Up to 30% of Net Committed Capital can be invested via Foreign Fund Investments in New Zealand Entities, with a minimum of 75% of that capital allocated to Series A and B Capital.
- Co-Investments are permitted only within the limits and conditions set out in the Policy Statement, and only where the relevant Underlying Fund is completing a Follow-on Investment, the VCF relies on the manager's due diligence, and a third party is the lead investor responsible for valuation and pricing (but see paragraph 13.3).
- Each Underlying Fund must also have aggregate committed capital from other investors at least equal to the VCF committed capital.

13.3 The VCF Governing Documents include additional investment criteria, approval requirements and limits including:

- a restriction on the Elevate Partnership committing more than $30 million of Committed Capital in an initial investment in any one Underlying Fund and from committing more than 35% of Committed Capital with any one fund manager, including through approved Co-Investments;
- a restriction on the Elevate Partnership undertaking Co-Investments without prior approval of the LPAC;
- a restriction on the Elevate Partnership investing in a first time fund manager (as defined in the VCF Governing Documents) without prior approval of the LPAC; and
- a prohibition on the Elevate Partnership investing in any entity that is listed or described as an excluded company, or that engages in excluded activities, under the Sustainable Finance webpage published on the New Zealand Superannuation Fund website.

13.4 The General Partner must ensure that equivalent prohibited investment restrictions are included in the terms on which the Elevate Partnership invests into any Underlying Fund or Foreign Fund Investment.

14 Section 28 Coverage

14.1 This SIPSP is structured as follows to address the information required by section 28 of the VCF Act.

Topic required to be covered by s28 of the VCF Act	Covered in this SIPSP
(a) the selection criteria that the Guardians use for deciding who will be appointed under section 29 and how the Guardians will monitor the performance of persons appointed under that section	Section 4
(b) the selection criteria that the Guardians will use for making investment decisions (where the Guardians undertake the investment of any part of the VCF other than through a person appointed under section 29)	Section 5
(c) the determination of standards against which the performance of the VCF as a whole will be assessed	Section 6
(d) standards for reporting the investment performance of the VCF	Section 7
(e) ethical investment, including policies, standards, or procedures for avoiding prejudice to New Zealand's reputation as a responsible member of the world community	Section 8
(f) the VCF management structure	Sections 3 & 4
(g) the governance framework for the implementation and operation of VCF investment vehicles referred to in section 25	Section 9
(h) the use of derivative financial instruments	Section 10
(i) the management of credit, liquidity, operational, currency, market, and other financial risks	Section 11
(j) the method of, and basis for, valuation of investments that are not regularly traded at a public exchange	Section 12
(k) prohibited or restricted investments or any investment constraints or limits.	Section 13

15 Version Control

15.1 The history of the evolution of this SIPSP is as follows:

Version	Approved by Board	Change from Preceding Version
1	21 January 2020	Interim Policy
2	24 June 2020	Annual Review
3	24 June 2021	Annual Review
4	22 June 2022	Annual Review
5	22 June 2023	Annual Review
6	20 June 2024	Annual Review
7	18 June 2025	Annual Review
8	5 August 2026	Annual Review