



## SANTIAGO PRINCIPLES – SELF ASSESSMENT

IFSWF is an organization of peer SWFs united by common endorsement of the [Santiago Principles](#). We have created the voluntary self-assessment template to allow members to rigorously assess how their SWFs endorse the Santiago Principles. The template also will allow IFSWF to publish member self-assessments on our website and in our publications, which publicly demonstrate members' endorsement of the Santiago Principles.

As an organization of SWF peers, IFSWF acknowledges that each member implements the Santiago Principles in its own way, and that host country conditions, customs, laws, and standard practices all impact how and to what extent the Santiago Principles can be implemented. Often implementation is a dynamic and continuous process, and the Principles themselves are written in a way that acknowledges this continuous nature.

The self-assessment template enables SWFs to analyze their current implementation of each of the 24 Santiago Principles in a structured and focused way. IFSWF's existing body of self-assessments, and particularly our publication [Santiago Principles: 15 Case Studies](#), demonstrate the diversity in methods of implementation, and our community's depth of experience in Santiago Principle implementation. Your peers, via the Subcommittees (SCs), Board, and Secretariat, are available to assist you in completing or updating your self-assessments.

As a community we all benefit from endorsement of the Santiago Principles. Endorsement strengthens the positive role that SWFs, as economically-oriented and well-governed investors, play in global financial markets. Please reach out to the IFSWF Secretariat for assistance or to discuss the self-assessment process at [Secretariat@ifswf.org](mailto:Secretariat@ifswf.org)

**Country: New Zealand**  
**Sovereign Wealth Fund: NZ Super Fund**

Principle	Implementation
<b>I. Legal framework, objectives, and coordination with macroeconomic policies</b>	
<p>1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).</p> <p>1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.</p> <p>1.2. The key features of the SWF’s legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.</p>	<p>The New Zealand Superannuation Fund (‘Fund’ or ‘NZ Super Fund’) is a pool of assets on the New Zealand Government’s balance sheet managed by an independent body, the Guardians of New Zealand Superannuation (‘Guardians’, ‘we’, ‘our’), with explicit commercial objectives and clear accountability. The legal framework for the Fund and the Guardians is clearly and publicly disclosed in the <a href="#">New Zealand Superannuation and Retirement Income Act 2001</a> (‘Act’). The Act is available in full online.</p> <p>The Fund has a specific purpose, as outlined in our response to Generally Accepted Principles and Practices (GAPP)<sup>2</sup>. The Fund will be used to help pay for the cost of making New Zealand Superannuation payments in the future.</p> <p>The Guardians is an autonomous Crown entity, which is a type of statutory body corporate established to carry out functions in respect of the Fund at ‘arm’s length’ from the Government. As a Crown entity, the Guardians is subject to the Crown Entities Act 2004, an umbrella Act covering all New Zealand Crown entities that operates alongside individual entities’ empowering Acts. The Crown Entities Act prevails over entities’ Acts in the event of any conflict, unless the entity’s Act expressly provides otherwise. The <a href="#">Crown Entities Act</a> is available in full online. Further information about the Crown Entities Act is available on the <a href="#">Public Service Commission’s website</a>.</p> <p>An explanation of the Guardians’ operational independence from the New Zealand Government, our governance arrangements and responsibilities is available in the <a href="#">Governance</a> section of our website. They are also explained in detail in our <a href="#">Annual Reports</a>.</p>

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	<p>Our legislative mandate gives us considerable freedom to invest the Fund how we see fit. There are, however, some important constraints and restrictions in place. These are detailed on our website at <a href="#">Constraints</a>.</p> <p>The Guardians also manages an additional mandate - a domestically-focused venture capital fund, the 'Elevate NZ Venture Fund'. The Elevate NZ Venture Fund currently consists of \$300 million of Crown capital commitments.</p> <p>The Elevate NZ Venture Fund is entirely separate to, and segregated from, the NZ Super Fund. While the Elevate NZ Venture Fund is not the subject of this assessment, we briefly summarise the mandate below.</p> <p>The Guardians has responsibility for the Elevate NZ Venture Fund's governance and oversight, and under the policy design the Fund is managed externally by New Zealand Growth Capital Partners Limited (NZGCP), another Crown entity, with a fund-of-funds model. The fund-of-funds model means that NZGCP makes investment decisions for the Elevate NZ Venture Fund, which invests into venture capital funds alongside other investors. The legal framework for the Elevate NZ Venture Fund is publicly disclosed in the <a href="#">Venture Capital Fund Act 2019</a>, also available online. The legislation for the Elevate NZ Venture Fund was developed so as to specifically preserve the operational independence of the Guardians vis-à-vis the NZ Super Fund.</p> <p>We don't believe that the Elevate NZ Venture Fund meets the criteria for a sovereign wealth fund from the Santiago Principles, in particular the requirement for investment in foreign financial assets and the investment for financial objectives (given the additional objective of domestic venture capital market development included in the Venture Capital Fund Act 2019). As a result, this assessment focuses only on the NZ Super Fund. References to the Elevate NZ Venture Fund are included where it impacts on the governance structure of the NZ Super Fund.</p>
<p>2. The policy purpose of the SWF should be clearly defined and publicly disclosed.</p>	<p>The policy purpose for the NZ Super Fund was clearly articulated at the time that it was established and is reflected in its enabling legislation. New Zealand has an</p>

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	<p>ageing population, which means funding the national superannuation scheme – a public pension currently paid to all New Zealanders over the age of 65 - falls on a proportionally shrinking group of working age New Zealanders. The purpose of the NZ Super Fund is to partially pre-fund the cost of New Zealand Superannuation to help smooth its cost between today’s taxpayers and future generations. Doing so will reduce the taxation burden imposed on future New Zealand taxpayers.</p> <p>The Guardians invests Government contributions – and returns generated from these investments – in New Zealand and internationally, in order to grow the size of the Fund over the long term. This intergenerational purpose is explained in the <a href="#">Purpose and Mandate</a> section of our website and in a Treasury paper “<a href="#">Golden Years – Understanding the New Zealand Superannuation Fund</a>”. Comprehensive explanations of the purpose of the NZ Super Fund, the Elevate NZ Venture Fund, the differences between the funds, and the Guardians, as well as details of the Guardians’ strategic objectives, are provided in the <a href="#">Statements of Intent, Statements of Performance Expectation</a> and <a href="#">Annual Reports</a> for the Guardians and Funds.</p>
<p>3. Where the SWF’s activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.</p>	<p>The size of the NZ Super Fund and the returns generated by the Fund have no <i>direct</i> domestic macroeconomic implications for New Zealand from year to year. (See also our response to GAPP 4 for key dates relating to flows into and out of the Fund.) The Fund does, however, constitute a substantial and growing proportion of the assets on the Financial Statements of the Government of New Zealand.</p> <p>These assets are intended to fund a portion of the Government’s future New Zealand Superannuation expenses. As such, the Government sets overall fiscal policy for the medium term by adopting a comprehensive perspective on the various components of its balance sheet.</p> <p>The Guardians provides monthly financial data to the Treasury (the Government’s lead economic and financial advisor), which contributes to the Treasury’s production of the Government’s accounts and economic data. Data</p>

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	<p>provided by the Guardians is also used by Treasury to model the annual contributions that the Government is required to make to the Fund under the Act (as noted in GAAP 4).</p> <p>Meanwhile, the Fund's investment decisions and other activities are commercially-oriented and made independently of the stance of prevailing fiscal and monetary policy.</p>
<p>4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.</p> <p>4.1. The source of SWF funding should be publicly disclosed.</p> <p>4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.</p>	<p>A key design feature for the Fund was to be very clear about the arrangements for its funding, withdrawal and use. These are spelt out in the Act.</p> <p><b>Contributions</b></p> <p>The Act sets out a formula for calculating the level of capital contribution required from the Government year to year in order to achieve the policy objective, based on a forty-year rolling horizon. Prior to the start of each financial year, Treasury must calculate the amount of required capital contribution implied by this formula and publish it in the Budget Economic and Fiscal Update, along with a statement of assumptions. The model used to calculate the contribution is publicly available on the <a href="#">New Zealand Treasury website</a>.</p> <p>Recognising that the Government must adhere to the "principles of responsible fiscal management" set out in the Fiscal Responsibility Act 1994, the Act does permit the Government to contribute less than the amount calculated by the formula. However, if the Government does this it is required to publicly explain the reasons for doing so.</p> <p>As at 30 June 2024, the Government had contributed \$26.6 billion to the Fund. From 2024/25 annual capital contributions will be calculated as per the legislated formula (set out in Section 43 of the Act).</p> <p><b>Withdrawals</b></p> <p>Withdrawals from the NZ Super Fund are only permitted up to the amount determined by the contribution formula. Withdrawals are currently forecast to begin in or about financial year 2032/33. Withdrawals may only be used to pay for New Zealand Superannuation and the Act</p>

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	precludes the Government from directing the Guardians to invest the Fund in Government securities (which would amount to a tacit withdrawal).
5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.	<p>Financial data for the NZ Super Fund is supplied direct to Treasury on a monthly basis for incorporation into New Zealand’s Government Accounts, which are published on the New Zealand Treasury website.</p> <p>Monthly information on <a href="#">Fund performance</a> and six-monthly information on <a href="#">Fund holdings</a> is publicly available on the Fund’s website.</p>
<b>II. Institutional Framework and Governance Structure</b>	
6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.	<p>The <a href="#">New Zealand Superannuation and Retirement Income Act 2001</a> establishes clear operational independence for the Guardians in its management of the NZ Super Fund and, in conjunction with the Crown Entities Act, establishes standards of public accountability.</p> <p>As an autonomous Crown entity, the Guardians is legally separate from the Government. This means that in respect of the NZ Super Fund, although we are still accountable to the Government, we have operational independence regarding investment decisions, with explicit commercial objectives as set out in the Act. The Guardians is not required to give effect to Government policy in respect of the NZ Super Fund. The Minister of Finance’s powers of direction concerning the NZ Super Fund are limited to giving directions regarding the Government’s expectations as to the NZ Super Fund performance which must not be inconsistent with the Guardians’ statutory investment objective.</p> <p>The Guardians is overseen by an independent Board. Board members are required by legislation to have substantial expertise in investment management and are appointed by the Governor General on the recommendation of the Minister of Finance. The Minister’s recommendation follows nominations from an independent nominating committee and consultation with representatives of other political parties in Parliament.</p>

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	Essentially, this means that the Guardians operates at 'double-arm's-length' from the Government.
<p>7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.</p>	<p><b>Investment objectives</b> The investment objectives for the NZ Super Fund are embodied in the legislation that created the Fund.</p> <p>Under the Act, the Guardians must invest the NZ Super Fund on a prudent, commercial basis and, in doing so, must manage and administer the Fund in a manner consistent with:</p> <ul style="list-style-type: none"> <li>• best practice portfolio management;</li> <li>• maximising return without undue risk to the Fund as a whole; and</li> <li>• avoiding prejudice to New Zealand's reputation as a responsible member of the world community.</li> </ul> <p><b>Board member appointment</b> <a href="#">Procedures for appointing Board members</a> are set out in the Act and are published on our website. (See also GAPP 6 as to procedures for ensuring that Board members are independent and suitably qualified).</p> <p>Under the Act, Board members hold office for five years or any shorter period stated in the notice of appointment. Board members may be reappointed for further terms. The Governor-General may, on the advice of the Minister, remove a member from office for a reason that in the Minister's opinion justifies the removal. The Governor-General removes a member by sending written notice to the member and a copy to the entity.</p> <p><b>Oversight</b> The Government exercises oversight over the NZ Super Fund and the Guardians through the Minister of Finance, Treasury, Parliamentary select committees and the Auditor General. The Minister of Finance is responsible for overseeing and managing the Government's interest in, and relationship with, the Guardians. The Treasury supports the Minister with this engagement.</p> <p>There are various reporting documents that the Guardians is required to produce in relation to itself and the Fund (see our response to GAAP 10) which are</p>

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	<p>tabled in Parliament and the Guardians is periodically required to appear before Parliamentary select committees.</p> <p>The financial statements for the Fund are audited by the New Zealand Auditor General. The Act also provides for a five-yearly independent review of the Guardians' performance in relation to the Fund, against specified criteria. Copies of the Fund's <a href="#">financial statements</a> and the <a href="#">five-yearly reviews</a> are published on our website.</p> <p>The framework for this oversight is set out in the Act and the Crown Entities Act.</p>
<p>8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.</p>	<p>The Guardians has sole responsibility for managing the NZ Super Fund in accordance with an explicit statutory mandate (see our response to GAPP 7). There are limited restrictions on the Guardians' powers to invest the Fund, which are specified in the Act.</p> <p>The Guardians' Board has broad powers under the Act to establish the NZ Super Fund's management infrastructure.</p> <p>The roles and responsibilities of the Board and its Committees are set out in statute and in the <a href="#">Board Charter</a> which is published on our website. These responsibilities include a requirement for Board members to act in the best interests of the Guardians.</p> <p>Board members are required under the Act to have substantial experience, training, and expertise in the management of financial investments so the Board has the necessary competency to carry out its functions. At the organisational level, there is an ongoing focus on the capabilities needed to deliver our desired investment style and strategies.</p> <p>Board members are required to disclose interests that could give rise to an actual or potential conflict of interests and a Board member with a conflict of interest is not permitted to participate in relevant deliberations and decisions.</p> <p>An independent review of how effectively and efficiently the Guardians is performing its functions in relation to</p>

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	<p>the NZ Super Fund is undertaken at least every five years (see our response to GAPP 10). The report into each independent review is published on our website. The 2024 review will be published later this year, following tabling in Parliament by the Minister of Finance.</p>
<p>9. The operational management of the SWF should implement the SWF’s strategies in an independent manner and in accordance with clearly defined responsibilities.</p>	<p>Responsibility for the management of the NZ Super Fund in accordance with an explicit commercial investment objective is vested in the Guardians, which operates independently from the Government (see our response to GAPP 1 and 6).</p> <p>The Guardians’ <a href="#">Board Charter</a> and <a href="#">Delegations Policy</a> provides for clear separation, within the constraints of our enabling legislation, of governance (the Board) and management (the Executive) responsibilities.</p> <p>The Board is responsible for setting the overall risk and return profile for the NZ Super Fund. Responsibility for the individual investment decisions and operational decisions of the NZ Super Fund has been delegated by the Board to management. Management is required to operate within a policy framework including risk appetite and investment constraints approved by the Board.</p>
<p>10. The accountability framework for the SWF’s operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.</p>	<p>Accountability for the Guardians and the NZ Super Fund is established in the <a href="#">New Zealand Superannuation and Retirement Income Act</a>, the <a href="#">Crown Entities Act</a>, the <a href="#">Public Finance Act</a> and the <a href="#">Public Audit Act</a> which are available publicly.</p> <p>The Guardians is accountable to the Minister of Finance (and, through the Minister, to Parliament). It is required to produce a <a href="#">range of reporting documents</a> including a Statement of Intent (produced at least on a three-yearly basis), an annual Statement of Performance Expectations and an Annual Report with audited financial statements and a Statement of Performance, all of which are public (and are tabled in Parliament – see GAPP 2). The financial statements for the Guardians and the Fund are audited by the Auditor-General.</p>

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	<p>The Guardians is subject to an annual review by a Parliamentary Select Committee and ongoing monitoring from Treasury.</p> <p>The Guardians also reports quarterly to the Minister of Finance (and as required on a 'no surprises' basis).</p> <p>The Minister of Finance writes an annual "Letter of Expectations" to the Guardians. The Letter of Expectations is a formal but not legislative tool that provides an opportunity for the Minister to consider and set out in a timely manner his or her expectations of the Guardians over the coming year. The Guardians' Board must consider the Minister's expectations in the course of developing the Guardians' <a href="#">Statement of Intent and annual Statement of Performance Expectations</a>. The Minister may also write an enduring "Letter of Expectations" which again is a formal but not legislative tool for the Minister to set out expectations of the Guardians that go beyond the coming year. <a href="#">These letters and the Guardians' responses</a> are published on our website.</p> <p>The Guardians is required to establish, and adhere to, a <a href="#">Statement of Investment Policies, Standards, and Procedures</a> (SIPSP) for the NZ Super Fund which is published on our website. This provides a basis by which the public can judge the Board's management of the Fund. The SIPSP is reviewed annually and the Board and Chief Executive must certify annually whether or not the SIPSP has been complied with.</p> <p>The Guardians is also required to publicly disclose information under the Official Information Act 1982, unless there are statutory grounds for withholding the information.</p> <p>Board members have statutory duties and are accountable to the Minister of Finance for the performance of those duties. Management are accountable to the Board.</p> <p>The Guardians' performance must be periodically reviewed by an independent person appointed by the Minister of Finance. The objective of the review is to assess how effectively and efficiently the Guardians are</p>

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	<p>performing their functions. The review report must be presented to Parliament and copies of the reports are published on our website. Copies of the four independent reviews to date, including the <a href="#">independent review</a> undertaken by advisory firm Willis Towers Watson in 2018/19, are available on our website. As noted in GAAP 8, the 2024 review will be available on our website later in the year.</p> <p>Our Board Charter and <a href="#">Delegations Policy</a> clearly set out accountabilities between Board and Management.</p>
<p>11. An annual report and accompanying financial statements on the SWF’s operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.</p>	<p>An <a href="#">Annual Report</a> for the Guardians is published annually to a deadline set by statute. The Annual Report includes financial statements for the Guardians (prepared in accordance with New Zealand Public Benefit Entity Accounting Standards) and for the NZ Super Fund (prepared in accordance with International Financial Reporting Standards).</p> <p>The Guardians also publishes an annual <a href="#">Climate Change Report</a> including a carbon footprint of the NZ Super Fund. In the past, this Report has been prepared in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The 2024 Climate Report will be aligned to the new Aotearoa New Zealand Climate Standards published by the External Reporting Board, which have a high degree of interoperability with the TCFD recommendations.</p> <p>The Guardians has committed to publish its first Stewardship Report in 2024, in line with the Aotearoa New Zealand Stewardship Code.</p> <p>The Guardians also produces a <a href="#">Global Reporting Initiative index</a> to support its Annual Reports and other public reporting.</p>
<p>12. The SWF’s operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.</p>	<p>The financial statements for the NZ Super Fund and the Guardians are audited by the Office of the Auditor-General acting through its agent. The current auditor is a partner of EY. The audit is carried out in accordance with the Auditor-General's Auditing Standards which incorporate the Professional and Ethical Standards and International Standards on Auditing (New Zealand)</p>

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	<p>issued by the New Zealand Auditing and Assurance Standards Board.</p> <p>Unaudited prospective financial statements for the NZ Super Fund are published in our annual <a href="#">Statement of Performance Expectations</a>. Both our <a href="#">Annual Reports</a> and <a href="#">Statements of Performance Expectations</a> are tabled in Parliament and published on the Fund’s website (see our response to GAPP 2 for links to these documents).</p> <p>The annual <a href="#">carbon footprint</a> of the NZ Super Fund is subject to a limited assurance, currently by KPMG. The assurance is carried out 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”).</p> <p>The Guardians’ internal audit process is independent of operational management and reports direct to the Chair of the Audit &amp; Risk Committee. The process is regularly reviewed by the Guardians’ Audit &amp; Risk Committee and internal audit reports are presented to each meeting of the Committee. Audit reviews of core processes and activities are undertaken in accordance with an annual plan approved by the Audit &amp; Risk Committee.</p>
<p>13. Professional and ethical standards should be clearly defined and made known to the members of the SWF’s governing body(ies), management, and staff.</p>	<p><b>Ethical standards</b></p> <p>The Guardians has a Code of Conduct for the Board (which is contained in the <a href="#">Board Charter</a>) and for employees (set out in the <a href="#">People &amp; Culture Policy</a>, recently renamed from the Human Resources Policy), both available on our website. These Codes of Conduct set out the Guardians’ expectations for appropriate ethical and professional behaviour by Board members and staff on various matters including conflicts of interest, political participation, gifts and hospitality, confidential information and, for staff, securities trading. The Guardians’ Codes of Conduct incorporate codes of conduct issued by the Public Service Commission for boards of Crown entities and people working in the public sector.</p>

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	<p>Our Board members have specific duties under the Crown Entities Act to act with honesty and integrity, and in good faith. The Act also includes detailed conflicts of interest disclosure rules for Board members.</p> <p>To instil a culture of ethical behaviour and transparency, there is mandatory training for staff on core Code of Conduct topics and there is a six-monthly attestation process covering compliance with conflicts of interest, gifts and hospitality, health and safety, personal trading and authorities. Heads and General Managers also attest their team members are compliant with their responsibilities, and policy owners attest their policies remain up to date and complete.</p> <p>The Guardians' policy framework also includes policies on <a href="#">Procurement and Outsourcing, Communications and Engagement</a> and <a href="#">Travel &amp; Sensitive Expenditure</a>.</p> <p>A register of potential and actual conflicts of interests for Board members and staff is maintained. Details of Board, management and senior staff conflicts are disclosed publicly as part of the Guardians' annual <a href="#">Parliamentary Select Committee Review</a>, available on our website. <a href="#">Registers of gifts and hospitality</a> are also maintained and published on our website. Analyses of gifts and hospitality received over time are prepared for the Leadership team and staff are regularly reminded of their disclosure obligations.</p> <p><b>Professional standards</b>  Board members are required by legislation to have substantial expertise in investment management and candidates are nominated by an independent Nominating Committee (see our response to GAPP 6). The skills, experience and professional qualifications for Board members are detailed in their <a href="#">biographies</a> on our website.</p> <p>There is a well-developed induction and ongoing education and development programme for Board members to ensure that they are able to continue to effectively perform their role. Performance of the Board and Board members is regularly evaluated.</p> <p>The Guardians' frameworks for staff recruitment and selection and for performance review and individual</p>

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	<p>development are set out in our Human Resources Policy (which is published on our website). The recruitment process includes psychometric testing for all staff.</p> <p>There is a structured induction process for new staff, and staff regularly receive refresher training on topics such as fraud awareness, cyber-security, ethics and health and safety requirements.</p> <p>To ensure that staff members maintain their professional competence, there is a structured programme under which each staff member has an individual development plan which focuses on their ability to perform their duties in their current role and on maintaining and developing skills needed to ensure the Guardians is operating in line with global best practice. The Guardians also supports continuing professional development for specific functions (as required, for example, by the CFA Institute, NZ Law Society and Chartered Accountants ANZ).</p> <p>Individual development plans and associated training decisions are aligned with the Guardians' strategic plan. This process is supported through development discussions at all levels of management with key information being shared with the People &amp; Culture Committee of the Board.</p> <p>The percentage of operating expenditure that is spent on training is disclosed in the Annual Report.</p> <p>Biographies including professional qualifications of the Guardians' Leadership Team, Investment Committee and Risk Committee are detailed on our website in the <a href="#">Management</a> section. Data on staff members' academic qualifications is disclosed annually in the Guardians' <a href="#">Annual Reports</a>.</p> <p>Professional memberships of the Guardians, which frequently involve member codes of conduct or similar membership requirements, are maintained in order to remain up-to-date on the latest professional standards or ethical requirements from other organisations and incorporate these into the Guardians' own standards. The Guardians' memberships are disclosed as part of the Guardians' annual <a href="#">Select Committee Review</a>, available on our website.</p>

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	<p>Adequate legal protection is provided for Board members and staff acting in the good-faith conduct of their official duties through indemnification and insurance as well as statutory immunity from civil liability.</p> <p>Copies of all Guardians' <a href="#">policies</a> are published on our website.</p>
<p>14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.</p>	<p>Under the Crown Entities Act, the Board is required to ensure that the Guardians operates efficiently and effectively and in a financially responsible manner.</p> <p>All dealings with third parties (e.g. commercial fund managers, counterparties, custodians, portfolio companies, co-investors and external services providers) are based on economic and financial grounds. The Guardians has a number of internal policies setting out how we interact with third parties all of which are published on the Guardians website. These include our <a href="#">Direct and Externally Managed Investments Policy</a> and related <a href="#">Procedures</a>, which set out how we evaluate, appoint and monitor investment managers and our <a href="#">Procurement &amp; Outsourcing Policy</a>, which provides a framework for ensuring that procurement and outsourcing is managed effectively and fairly. Also relevant is the <a href="#">Portfolio Completion and Internally Managed Investments Policy</a> which covers selection and management of counterparties and portfolio completion agents.</p>
<p>15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.</p>	<p>The Guardians does not conduct day-to-day operations or activities in foreign countries. Local legal and tax advice is obtained when the NZ Super Fund is making investments in overseas entities to ensure compliance with local laws. Through third-party sources, the Guardians actively monitors legislative developments in jurisdictions in which the NZ Super Fund makes/manages investments.</p>
<p>16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.</p>	<p>The investment mandate for the NZ Super Fund and the operational independence of the Guardians as manager of the Fund are established by statute. Information on our governance framework, objectives, how we invest and our operational independence from the New</p>

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	<p>Zealand Government is published on our website and within our Annual Report and Statement of Intent.</p> <p>Links to the relevant legislation, governance information published on our website, and to our Annual Reports, Statements of Intent and Statements of Performance Expectations are provided in responses to preceding GAPPs.</p>
<p>17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.</p>	<p>Audited financial accounts for the NZ Super Fund are published in our Annual Report (which is tabled in Parliament), and unaudited prospective financial statements in our Statement of Performance Expectations. These are public documents and links to them have been provided under preceding GAPPs.</p> <p>Our website includes detailed information on <a href="#">NZ Super Fund performance</a>, including explanations of our two investment performance benchmarks:</p> <ul style="list-style-type: none"> <li>• Passive Reference Portfolio benchmark – against which we measure the value added to the Fund by the Guardians’ active investment strategies; and</li> <li>• Treasury Bills - a measure of the cost to the Government of contributing capital to the Fund, instead of using the money to pay back debt.</li> </ul> <p>Our Statement of Intent sets out our expectation that the NZ Super Fund will outperform the Treasury Bill benchmark by at least 2.8% p.a. averaged over rolling 20 year periods.</p> <p>We provide a breakdown of the drivers of value add annually, in our Annual Reports, along with an overview of portfolio activity during the year.</p> <p><a href="#">Investment performance information</a> since inception, and over the last one, five, 10 and 20 year periods, is updated on our website on a monthly basis.</p> <p>Our website also includes <a href="#">information on Fund expenditure</a> as a percentage of funds under management over a 10 year period and a copy of the most recent <a href="#">CEM Benchmarking annual cost structure survey</a> of peer funds.</p>

Principle	Implementation
	A list of the NZ Super Fund's <a href="#">portfolio holdings</a> is also published six-monthly.
<b>III. Investment and Risk Management Framework</b>	
<p>18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.</p> <p>18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.</p> <p>18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.</p> <p>18.3. A description of the investment policy of the SWF should be publicly disclosed.</p>	<p>Our legislation requires us to establish and adhere to a SIPSP for the NZ Super Fund that is consistent with the statutory objective of investing the Fund on a prudent, commercial basis and in a manner consistent with best practice portfolio management, maximising return without undue risk and avoiding prejudice to New Zealand's reputation as a responsible member of the world community.</p> <p>The <a href="#">SIPSP</a> is reviewed annually and is publicly available on our website.</p> <p>This link also provides access to the various policies that sit beneath the SIPSP and are referred to within it. The matters covered by the NZ Super Fund SIPSP include: the classes of investments in which the Fund is to be invested and the selection criteria for investments within those classes; the determination of benchmarks against which the performance of the Fund as a whole, and classes of investments and individual investments will be assessed; the balance between risk and return in the overall Fund portfolio; and the use of derivatives.</p> <p><a href="#">Our Investment Risk Allocation Policy</a> (which is publicly available at the above link) includes the investment constraints (risk appetite) set by the Board. Our governing legislation does not permit borrowing in respect of the Fund except with the consent of the Minister of Finance.</p> <p>Our <a href="#">Direct and Externally Managed Investment Policy</a> and <a href="#">Direct and Externally Managed Investment Procedures</a> cover how we invest with external managers, including, manager selection, appointment, monitoring and reporting. Our <a href="#">Portfolio Completion and Internally Managed Securities Policy</a> covers our use of internal mandates. These policies and procedures are publicly available at the above links.</p>

Principle	Implementation
	<p>We have also published to our website a series of informational videos <a href="#">and commentary</a>, explaining various aspects of our investment process.</p>
<p>19. The SWF’s investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.</p> <p>19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.</p> <p>19.2. The management of an SWF’s assets should be consistent with what is generally accepted as sound asset management principles.</p>	<p><b>Investment mandate</b></p> <p>Our legislative mandate requires us to invest the NZ Super Fund on a prudent, commercial basis and, in doing so, to manage and administer the Fund in a manner consistent with:</p> <ul style="list-style-type: none"> <li>a. Best-practice portfolio management;</li> <li>b. Maximising return without undue risk to the Fund as a whole; and</li> <li>c. Avoiding prejudice to New Zealand's reputation as a responsible member of the world community.</li> </ul> <p>Consistent with all three elements of the investment mandate for the NZ Super Fund, we incorporate environmental, social and governance (ESG) considerations into our investment decisions and processes, including allocation, selection and post-investment management. In line with our sustainable finance approach, we also take into account the implications of our investments for the environment and society. The Statement of Investment Policies, Standards and Procedures for the NZ Super Fund and our Sustainable Investment Framework set out our approach. We report on how we are progressing our sustainable investment goals in an annual Sustainable Investment Report, included in our Annual Report. All of these documents are available on our website.</p> <p>An independent view of whether the Guardians is managing the NZ Super Fund in accordance with its mandate is provided through the five-yearly independent reviews required under the Act. Our responses to these reviews are available on our website.</p> <p>Our participation in the annual CEM Benchmark’s investment management cost survey, which reports on the NZ Super Fund’s investment costs relative to peers, also provides an independent view on sound asset management practices. The performance metrics that we report on in our annual Statement of Performance (included in the Annual Report) include achieving a rating of ‘median cost, value adding’ or better relative to peers in the CEM survey.</p>

Principle	Implementation
	<p><b>Other considerations</b></p> <p>The Minister of Finance can issue a direction to the Guardians regarding the Government’s expectations as to the Fund’s performance provided that this is not inconsistent with the investment mandate outlined above. The Guardians must have regard to such directions. To date only one direction has been issued (in 2009). The direction notes that “it is the Government’s expectation, in relation to [NZ Super] Fund performance, that opportunities that would enable the Guardians to increase the allocation of New Zealand assets in the Fund should be appropriately identified and considered by the Guardians.” The direction is not considered to be inconsistent with the Guardians’ duty to invest the Fund on a prudent, commercial basis, and the direction remains subject to that duty. We report on performance against this direction in our Annual Reports.</p> <p>In December 2021, the Ministers responsible for the Guardians and other large Crown Financial Institutions (CFIs) issued a letter to the CFIs outlining expectations in relation to measuring, reducing and influencing the transition to zero carbon investment portfolios by 2050. A <a href="#">copy of that letter and our response</a> can be found on our website).</p>
<p>20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.</p>	<p>The Guardians is an autonomous Crown entity, legally separate from the Government with an independent board. Our governance framework is designed to ensure that we operate at arms’ length from the Government (for example, Board members are required to have substantial expertise in investment management and are selected by an independent nominating committee). Consequently, we do not have privileged access to market sensitive information from the Government, nor seek to have the Government intervene on our behalf in competing with private entities.</p> <p>Our codes of conduct for staff including contractors and the Board require that information only be used for proper purposes and clear protocols are in place for engagement with central and local government.</p>

Principle	Implementation
<p>21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.</p>	<p>Exercise of ownership rights is covered in our Statement of Investment Policies, Standards and Procedures, which is published on our website (see link under our response to GAPP 19 which also discussed our approach with reference to our Sustainable Investment Framework).</p> <p>We regard voting rights as important for maintaining shareholder oversight of directors, boards and company policies. They are therefore central to our practice of responsible investment and to meeting our obligations under our governing legislation.</p> <p>Our <a href="#">voting policy</a> is available on our website.</p> <p>We disclose all NZ Super Fund votes in respect of listed entities via a <a href="#">voting reporting platform</a>.</p>
<p>22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.</p> <p>22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.</p> <p>22.2. The general approach to the SWF's risk management framework should be publicly disclosed.</p>	<p>Our framework for identifying, assessing and managing enterprise risk is set out in our <a href="#">Risk Management Policy</a> (which is published on our website). This Policy includes a Risk Appetite Statement which sets out the Board's approach to risk the Guardians will take to achieve the strategic goals of the Guardians and the NZ Super Fund.</p> <p>The Board receives regular reporting on the enterprise risk landscape and strategic risks for the Guardians.</p> <p>The Audit &amp; Risk Committee receives reports from management, internal audit and the external auditors on the effectiveness of systems for internal control.</p> <p>Our approach to managing investment risk is set out in our Investment Risk Allocation Policy and our Statement of Investment Policies, Standards and Procedures (which are published on our website). Our new investment implementation process (see our Direct and Externally Managed Investments Policy) ensures that legal, operational, sustainable investment, reputational, finance, governance and tax issues relating to new investments have been identified and managed appropriately. The Board receives regular reporting against the investment constraints set by the Board.</p> <p>Our <a href="#">Annual Reports</a> also include a dedicated section on Risk Management (within the Governance section).</p>

Principle	Implementation
	<p>The Guardians' performance is periodically reviewed by an independent person appointed by the Minister of Finance. Refer to GAPP 19.</p>
<p>23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.</p>	<p>Overall investment performance for the NZ Super Fund is measured by the Guardians' performance reporting software, PEARL. The Statement of Investment Policies, Standards and Procedures sets out the standards for performance reporting, and our Investment Valuation Policy establishes the approach taken to measure the fair value of all assets held by the NZ Super Fund.</p> <p>On an annual basis, we report:</p> <ul style="list-style-type: none"> <li>• performance of the NZ Super Fund relative to both our passive Reference Portfolio benchmark and New Zealand Treasury Bills</li> <li>• the value added to the Fund by active management;</li> <li>• the external managers we have engaged (and terminated); the strategies and asset classes relevant to each; and the value of the assets each manager is managing on behalf of the Fund as at 30 June;</li> <li>• our internal mandates;</li> <li>• all of our holdings in listed equities;</li> <li>• our New Zealand external investment mandates and their underlying portfolio companies;</li> <li>• our direct investments, where the information is not commercially sensitive; and</li> <li>• our performance expectations for the next financial year.</li> </ul> <p>Our Annual Reports contain the first four reports. The <a href="#">next three reports</a> are available on our website. Our annual <a href="#">Statement of Performance Expectations</a> contains the final report. Links to both documents are provided in our responses to previous GAPPs.</p>

Principle	Implementation
	<p>In our Statements of Intent we set out our equilibrium expectations of the Reference Portfolio as the basis for expected Fund returns over 1, 10 and 20 year periods.</p> <p>On a quarterly basis we report to the New Zealand Minister of Finance, and to the Treasury:</p> <ul style="list-style-type: none"> <li>• performance of the NZ Super Fund relative to both our passive Reference Portfolio benchmark and New Zealand Treasury Bills</li> <li>• the value added to the Fund by active management including a breakdown of the drivers of value add;</li> <li>• notable investment activities; and</li> <li>• other contextual and operational activity of note.</li> </ul> <p><a href="#">Investment performance information</a> since inception, and over the last one, five, 10 and 20 year periods, is updated on our website on a monthly basis.</p> <p>As stated above, each year we measure and publish the <a href="#">carbon footprint</a> of the NZ Super Fund’s portfolio based on its carbon emissions intensity and its exposure to fossil fuel reserves. The carbon footprint tracks our performance against our whole-of-Fund carbon reduction targets.</p>
<p>24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.</p>	<p>We self-assess our implementation of the Santiago Principles at least once every three years. In the past we have done this annually, and due to reporting requirements, in practice the first year we will not complete a self-assessment will be 2026. <a href="#">Copies of each such self-assessment</a> are available on our website. We note external reviews of our implementation of the Santiago Principles have been positive. Copies of these reviews are available through the same link. Since 2016 we have also engaged EY to provide an independent limited assurance report on our self-assessment. <a href="#">EY’s report</a> is also available on our website.</p>