

Guardians of New Zealand Superannuation – Five-Yearly Independent Review
Guardians Update 28 January 2026

WTW Recommendation	Guardians' Response July 2024	Guardians' Update January 2026
<p>1. Develop a set of complexity principles and strategies</p> <p>Address certain system design imbalances that have developed from increasing complexity. Ensuring that the BbU (business-beyond-usual) area and change function attract sufficient weight in the mix of Guardians' focus and strategy.</p> <p>From:</p> <p>Complexity is implicitly accepted in the Guardians' arrangements</p> <p>To:</p> <p>Full understanding of the state of complexity in the Guardians and agreed principles and strategies for addressing it</p>	<p>Agree.</p> <p>This recommendation is consistent with our refreshed organisational strategy ("Guardians of the Future"), which has a strong focus on managing complexity including change management.</p>	<p>In line with this recommendation, the core focus for the 2025/26 financial year is to simplify the organisation, setting us up to scale, take advantage of future technological changes and withstand periods of volatility. 'Business-beyond-usual' work across these workstreams has included: streamlining and simplification of frameworks and processes ; the review and restructure of the Technology team, the relocation of the Change function to the Enterprise Strategy team with a broader, enterprise-wide focus (resulting in a step up in how change management is handled); development and deployment of a Technology strategy; and the review and restructure of the Investments team - aligned with asset classes (see below).</p> <p>Establishing an explicit set of complexity principles is still under consideration.</p>
<p>2. Evolve the TPA [total portfolio approach] model</p> <ul style="list-style-type: none"> • Develop greater integration of systemic risk into the TPA design through the use of horizon scanning. • Consider models that include left-tail risk measurement and management 	<p>Agree.</p> <p>We will improve the integration of systemic risk and associated tail risk models in our ongoing evolution of our TPA model, including in the next Reference Portfolio Review. As a result of this and key management and board changes, we will defer the planned completion date for the</p>	<ul style="list-style-type: none"> • We have developed a horizon scanning framework, identified relevant scenarios and applied this framework to our 2026 Reference Portfolio Review. It will be extended to the actual portfolio over the next year. • We have developed a new simulation model that allows us to more confidently measure tail risk at the total portfolio and individual opportunity level. This has been applied extensively in the current Reference

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<ul style="list-style-type: none"> Ensure the Reference Portfolio is fully joined-up with the investment approach. <p>From Guardians is rated 4/5 on the TPA spectrum</p> <p>To: The Guardians moves to 5/5 on the TPA spectrum</p>	<p>Review from June 2025 to June 2026.</p>	<p>Portfolio and Risk Budget Reviews to give a clearer picture of the sources of risk in the portfolio.</p> <ul style="list-style-type: none"> By conducting the Reference Portfolio and Risk Budget Reviews simultaneously, management and Board have a clearer picture of how the different sources of risk in the total portfolio fit together. The design choices in the Reference Portfolio Review factored in their impact on the total portfolio.
<p>3. Mature the insourcing of private market investment.</p> <p>Consideration of establishing an overseas presence (e.g. London) to improve access to talent, GP and peer relationships and deals</p> <p>From: The contribution from outsourced IP in private markets is significant</p> <p>To: A more mature insourcing design that adds more insourced IP with a stronger value proposition.</p>	<p>Agree.</p> <p>We will continue to look for ways to enhance how we resource insourced investment in private markets to increase exposure to global opportunities, co-investments and controlling interest opportunities. While we have no immediate plans to establish an overseas presence, we will keep this under consideration. The recent removal of the legislative constraint on the NZ Super Fund owning a majority stake in an operating company will also give us more optionality and investment opportunities in private markets.</p>	<p>Steps to mature the insourcing of our private market investment activities have started with the creation of dedicated Real Asset and Private Markets & Alternatives teams. We believe having asset-class focused teams is the best way forward, given the projected growth in the size of the Fund.</p> <p>It will develop deeper asset class expertise and make it easier to work with our partners and counterparties.</p> <p>While we have no short term plans to establish an overseas presence, we will keep this under consideration in the future.</p> <p>We do not believe that not having an overseas office hinders our ability to source private market opportunities.</p>

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<p>4. Mature the sustainability proposition and model.</p> <p>Building out the sustainability factors by integrating the combined proposition. Maximising risk-adjusted return working within universal ownership/3D investing principles (see page 70 for definition). The focus should extend more significantly into systemic stewardship. Consider additional resourcing</p> <p>From: A 3D lite model in which intentional real-world impact is small</p> <p>To: A 3D full-on model in which intentional real-world impact is managed and measured</p>	<p>We are committed to continuing to mature our sustainability proposition and model. Sustainable investment is integrated into our organisational purpose and is core to our investment strategy.</p> <p>While we agree with the recommendations at a high level, this is a complex area in which best practice is rapidly evolving globally. We have more work to do to fully consider how to respond to all aspects of the recommendation, including incorporation of universal ownership/3D investing principles and the recommended focus on system stewardship (noting that this is consistent with our recent stewardship initiatives). We will consider adding additional resources in this area.</p>	<p>We have carried out further work in conjunction with WTW, focused on enhancing our sustainable investing strategy. This included obtaining peer insights. Management and the Board are working towards the implementation of a new sustainable investment roadmap to 2030.</p>
<p>5. Elevate the ambition of the Guardians' learning and development platforms</p> <p>The accelerating speed of change in the industry calls for a much larger response to upskilling: including pro-active skills development to support the technology transition ushered in by AI; extending the program to cover system thinking;</p>	<p>Agree.</p> <p>We note and support the recommendation including the proposed focus areas. This recommendation is consistent with our refreshed Guardians of the Future Strategy.</p>	<p>This recommendation is consistent with our refreshed 'Guardians of the Future' strategy. It is reflected in the range of learning and development offered, including the development of an Investment Academy (in-house training). It is included in our key priorities for 2025/26, including establishing both data and AI strategies.</p> <p>Microsoft 365 Co-Pilot has been widely adopted across the organisation as a productivity tool, supported by curated training resources.</p>

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<p>including the upskilling of the team in Python and other relevant applications</p> <p>From: L&D platform used sparingly under self-guided principles</p> <p>To: L&D platform used extensively under stronger organisational influence</p>		<p>Python for Guardians and Python for Leaders in-house courses were run five times in 2025 to help uplift Guardians' knowledge of python and data analytics approaches as well as to train people leaders to ask relevant questions and motivate teams through the technological transition.</p>
<p>6. Strengthen the technology proposition.</p> <p>The Guardians should consider how to increase the degree of integration of technology users and specialists, including alternative models used by peers (e.g. including T-shaped teams with innovation specialists in between users and specialists)</p> <p>From: Technology specialists and investment staff are partially joined-up</p> <p>To: Technology specialists and investment staff are well joined-up</p>	<p>Agree.</p> <p>This recommendation is consistent with our refreshed organisational strategy.</p>	<p>In 2025 significant changes to the structure of our Technology team were made, with the objective of ensuring that we have a technology structure designed to suit the efficient delivery of strategic business outcomes, and that we have the right level of resources to effectively carry out our anticipated future activities. Technology specialists partner closely with investment and corporate staff; resulting in the team being better integrated with technology users. Work to further embed the integration of technology users and investment and corporate specialists is ongoing.</p>
<p>7. Ensure strong leadership succession practices.</p> <p>The Board, Management and Nominations Committee should review their practices for succession planning and succession more generally and</p>	<p>Agree.</p> <p>We acknowledge the recent continuity challenges at Board and management level. This will be an area of focus for the Board and management, and we will work with</p>	<p>Succession planning at Board and Management level is a top priority for the Board and CEO.</p> <p>Steps being taken at Management level include:</p> <ul style="list-style-type: none"> The newly appointed General Manager People & Culture was appointed in November 2025, and is reviewing the succession planning and

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<p>position the organisation in a stronger place to respond to continuity challenges in top leadership roles – notably Board chair, CEO and CIO.</p> <p>From: Leadership succession issues front of mind</p> <p>To: Substantial confidence in leadership succession processes and outcomes</p>	<p>the Nominating Committee accordingly.</p> <p>Noting Willis Towers' Watson's view that Board fees are unusually low relative to global best practice (page 18) and below what seems appropriate (page 23), we will continue to discuss resourcing for Board fees, and for the Nominating Committee, with Treasury.</p>	<p>professional development framework for leadership roles.</p> <ul style="list-style-type: none"> Leadership roles and succession planning are regularly discussed by the CEO and the Board. <p>While Board candidates are nominated by an independent Nominating Committee, and the Board Chair is appointed by the Minister of Finance, it is valuable for the Board to have input into the appointment processes to support continued high performance of the Board. Accordingly, the Board, through the Chair, has increased the level of engagement with the Nominating Committee to support the Committee in understanding skill needs and cultural fit.</p> <p>The Chair engaged with the Nominating Committee and Treasury on the low level of Board remuneration. The Government approved an increase to Board fees in late 2025.</p>

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<p>1. Deepen the existing investment beliefs particularly on sustainability. Consider the integration of organisational beliefs and principles with the investment beliefs</p>	<p>We will progress this work in combination with next steps in response to recommendation 4.</p>	<p>We are currently refreshing our investment beliefs. We expect to be able to report on the refreshed beliefs in our 2025/26 Annual Report.</p>

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<p>2. Review the Reference Portfolio for better fit with universal ownership principles, notably considering the merits of forward-facing benchmarks and the opportunity to work with other asset owners on this. Develop a stronger Board and Management position on universal ownership, with continued open communication with the Guardians' principal stakeholders – the Crown, the Minister of Finance and the Treasury</p>	<p>These suggestions will be considered as part of the Reference Portfolio Review.</p>	<p>These suggestions are being considered as part of the Reference Portfolio Review and the sustainable investment roadmap workstream.</p>
<p>3. Deepen Board – Management engagement. There are various ways for better engagement to be developed. WTW considers consultant intermediation and facilitation, in the form of dedicated board advisory support, to be worth considering.</p>	<p>We will continue to look for further opportunities to bring in external perspectives and advice to support the Board.</p> <p>We acknowledge the critical importance of external perspectives and challenge, particularly on issues that are highly complex or contentious.</p> <p>We note that the Board and management obtains external advice when it believes these advisers can add value to discussions. Individual Board members are also active in a number of international and peer forums, which provide regular best practice insights.</p>	<p>The Board has actively engaged with external parties since July including:</p> <ul style="list-style-type: none"> - We engaged WTW to assist with the maturation of our sustainability model; WTW has since presented a study of peer insights on the topic to the Board. - Using an external party to facilitate an evaluation of the Board and its committees. - Attending high quality industry forums and a Board education trip to hear broad external perspectives from peers, managers and counterparties.

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<p>4. Reposition the hybrid work design to increase social capital. Use the opportunity in the office move in 2026 to align office design, hybrid design and EVP [employee value proposition] and OVP (organisational value proposition) to increase the social capital which is needed for collaboration to thrive and to support superteams principles. We are aware that Management is reviewing its options on this matter. We are urging that more attention is given to the evaluation of alternative work design arrangements (e.g. hybrid versus office) with particular regard to the social capital factor.</p>	<p>We continuously look at our hybrid model to ensure it is optimal for our EVP and OVP. As part of this, our planned office move will provide an opportunity to ensure our physical premises look to both enhance our EVP and OVP.</p>	<p>We refreshed our hybrid work design which emphasised the office being the primary place of work and increased the days in the office which has resulted in a greater overall attendance in the office.</p> <p>Our planned office move is scheduled for May 2026. We see this as an opportunity to further enhance our organisational culture, as it will help us to make the best use of our space, has benefits for collaboration and flexibility and enables the office to include a variety of workstation types and spaces to gather and to support “superteams” principles.</p>