



# CLIMATE TRANSPARENCY REPORT

## 2020

New Zealand Superannuation Fund

## About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available [here](#) (n/a). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	n/a	n/a				
SG 01.2	n/a	n/a				
SG 01.3	n/a	n/a				
SG 01.4	n/a	n/a				
SG 01.5	n/a	n/a				
SG 01.6 CC	n/a	n/a				
SG 01.7 CC	n/a	n/a				
SG 01.8 CC	n/a	n/a				
SG 01.9 CC	n/a	n/a				
SG 01.10 CC	n/a	n/a				
SG 01.11 CC	n/a	n/a				
SG 01.12 CC	n/a	n/a				
SG 02.2	n/a	n/a				
SG 07.5 CC	n/a	n/a				
SG 07.6 CC	n/a	n/a				
SG 07.7 CC	n/a	n/a				
SG 07.8 CC	n/a	n/a				
SG 13.1	n/a	n/a				
SG 13.2	n/a	n/a				
SG 13.4 CC	n/a	n/a				
SG 13.5 CC	n/a	n/a				
SG 13.6 CC	n/a	n/a				
SG 13.7 CC	n/a	n/a				
SG 13.8 CC	n/a	n/a				
SG 14.1	n/a	n/a				
SG 14.2	n/a	n/a				
SG 14.3	n/a	n/a				
SG 14.4	n/a	n/a				
SG 14.5	n/a	n/a				
SG 14.6 CC	n/a	n/a				
SG 14.7 CC	n/a	n/a				
SG 14.8 CC	n/a	n/a				
SG 14.9 CC	n/a	n/a				
SG 15.1	n/a	n/a				
SG 15.2	n/a	n/a				
SG 15.3	n/a	n/a				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

## MAIN CHARACTERISTICS

<b>Name</b>	New Zealand Superannuation Fund
<b>Signatory Category</b>	Reserve - sovereign or government controlled fund
<b>Signatory Type</b>	Asset Owner
<b>Size</b>	US\$ 30 - 50 billion AUM
<b>Main Asset Class</b>	n/a
<b>Signed PRI Initiative</b>	2006
<b>Region</b>	Oceania
<b>Country</b>	New Zealand
<b>Disclosure of Voluntary Indicators</b>	48% from 38 Voluntary indicators

# New Zealand Superannuation Fund

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

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

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

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

SG 01.1

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

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

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

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Our investment beliefs are a key driver of our investment decisions. One of our investment beliefs is: "Responsible investors must have concern for environmental, social and governance factors because they are material to long-term returns." Our investment beliefs can be viewed on our website here: <https://www.nzsuperfund.co.nz/how-we-invest/beliefs>

Our approach to investing can also be viewed on our website here: <https://nzsuperfund.nz/how-we-invest>

Our approach to Responsible Investment (RI) is governed by our Statement of Investment Policies, Standards and Procedures (SIPSP) which can be found on our public website here: <https://nzsuperfund.nz/documents/statement-investment-policies-standards-and-procedures-sipsp>

The SIPSP includes a specific section on Responsible Investment, which states our policy, standards and procedures as they relate to responsible investment. It defines RI activities and embeds the RI Framework as the process for implementation. The Responsible Investment Framework is also available on our website: <https://www.nzsuperfund.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf>

Our Board has overall responsibility for the Statement of Investment Policies, Standards and Procedures (SIPSP) and Responsible Investment Framework.

Our RI work is integrated across our investment activities. For example, understanding ESG issues is an important part of our risk assessment and due diligence on prospective individual investments. Governance structure has been further specified in NZSF Responsible Investment Strategic Plan 2017-2020.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

As part of our RI policy, our exclusion policy applies to our investment portfolio.

We endeavour to apply exclusions to Collective Investment Vehicles (CIVs), to the extent this is feasible and commercially prudent. CIVs are evaluated on a case-by-case basis. The potential for indirect exposure to excluded securities through CIVs is factored into the selection of access points. Therefore, at minimum, there is some form of ESG incorporation across the entire portfolio.

Currently we have one pooled hedge fund and two pooled property investment funds where we are unable to legally impose our exclusions as they service multiple other investors. In practice, however, given the nature of the mandates, we are satisfied that likelihood of any breach of our exclusion policy is very low. The managers that runs these funds are still subject to our RI review and rating process.

No



I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

<b>SG 01 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 01.6  
CC**

Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

- Yes
- No

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

- Yes

Describe the associated timescales linked to these risks and opportunities.

The 'Climate Change Valuation Framework' referred to above leads investment professionals to assess the likelihood of the risk identified occurring and whether the impact is expected to be material.

If the likelihood / materiality impact is perceived to be low, then no adjustment would be made to valuation models but qualitative commentary would be included in the investment thesis.

If the likelihood / materiality impact is perceived to be strong, then the investment professional will think about potential impacts on valuation, including for example, consideration of the impact over multiple periods and whether the issue may escalate if it is a one-off event. They may look at inter-relationships and ability to accurately quantify or estimate the impact.

In 2015, Mercer did some scenario work to help us understand the investment risks and opportunities to the portfolio. The timescales of the analysis was 10 years and 35 years to 2050.

In 2018, we did further work on climate change scenarios to help us understand the investment implications. We developed test scenarios using various timescales dependent on the data inputs being considered, for example: temperature rise 2050 and 2100; sea level rises 2030, 2050 and 2100; carbon price 2020, 2030 and 2040 and oil price 2025 out to 2040. This work was finalised in the first quarter of 2019.

- No

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes

Describe

Our CCIS was announced in October 2016. It is designed to make the Fund more resilient to climate-related risk. Additional information is available on our website here: <https://www.nzsuperfund.nz/how-we-invest-balancing-risk-and-return/climate-change>.

No

**SG 1.10 CC** Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Our website and Annual Report provide detailed coverage of our CCIS, including our Carbon Portfolio Footprint (assured by KPMG) and Climate Change White Paper.

We currently do not publish TCFD disclosures

SG 02	Mandatory	Public	Core Assessed	PRI 6
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1** Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

URL

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

Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment

URL

URL

{[hyperlink:https://nzsuperfund.nz/how-we-invest-balancing-risk-and-return-climate-change/climate-change-strategy](https://nzsuperfund.nz/how-we-invest-balancing-risk-and-return-climate-change/climate-change-strategy)}

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

{[hyperlink:https://nzsuperfund.nz/performance-esg-management/voting-reporting-platform](https://nzsuperfund.nz/performance-esg-management/voting-reporting-platform)}

- Attachment (will be made public)
- Fiduciary (or equivalent) duties
- Asset class-specific RI guidelines
- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

{[hyperlink:https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/exclusions](https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/exclusions)}

- Attachment (will be made public)
- Engagement policy

URL/Attachment

- URL

URL

{[hyperlink:https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf](https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf)}

- Attachment (will be made public)
- (Proxy) voting policy

URL/Attachment

- URL

URL

{hyperlink:https://nzsuperfund.nz/performance-esg-management/voting-policy}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Statement\_of\_Investment\_Policies\_\_Standards\_and\_Procedures.pdf}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:https://www.nzsuperfund.co.nz/how-we-invest-balancing-risk-and-return-climate-change/climate-change-strategy}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:https://www.nzsuperfund.co.nz/how-we-invest/endowments}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.nzsuperfund.nz/how-we-invest-balancing-risk-and-return-climate-change/climate-change-strategy}

Attachment

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

The Guardians' investment beliefs - which include an ESG belief, can be found here:  
<https://www.nzsuperfund.co.nz/how-we-invest/beliefs>

White paper on why we believe responsible investing pays off:  
<https://nzsuperfund.nz/sites/default/files/documents-sys/White-Paper-ESG-Beliefs.pdf>

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

- Best practice portfolio management;
- Maximising return without undue risk to the Fund as a whole;

- Avoiding prejudice to New Zealand's reputation as a responsible member of the world community

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

We report on our performance at <https://www.nzsuperfund.co.nz/performance/esg-management> and in a dedicated RI report in our Annual Report for the Guardians and Fund. The Annual Report was prepared in accordance with the Global Reporting Initiative (GRI) G4 Core option. 2019 was the 8th year that we reported against the GRI, more details can be found here: <https://www.nzsuperfund.co.nz/publications/annual-reports>

Our Climate Change Investment Strategy can be found here, <https://nzsuperfund.nz/sites/default/files/documents-sys/Guardians%20of%20NZ%20Super%20-%20Climate%20Change%20White%20Paper%20March%202019.pdf>, more details of implementation and our carbon footprint can be found here: <https://www.nzsuperfund.co.nz/how-we-invest-balancing-risk-and-return/climate-change>

In year 2019, we received Limited Assurance on our carbon footprint calculation as previous years: <https://www.nzsuperfund.nz/sites/default/files/documents-sys/NZ%20Super%20Limited%20Assurance%20opinion%20FINAL%2010%20October%202019.pdf>

## Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other Chief-level staff or heads of departments
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Corporate Strategy, Investment Operations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (2)

Leadership Team

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6  
CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The Board has oversight and ultimate responsibility for the Fund's Climate Change Investment Strategy (CCIS). Development and implementation of the CCIS was a Strategic Objective for financial year 2017/18. Therefore, progress was reported through the Board Audit & Risk Committee as well as in the Board papers. Updates are made through the CEO Report to the Board. Since 2018, the CCIS became part of business as usual within the Guardians' Strategic Plan. Regular reporting (and education) continues to be provided to the Board via the CEO report, Responsible Investment Annual Report and education sessions as required. Progress against our Carbon Reduction Target is reported to the Board annually.

**SG 07.7  
CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

Management Roles - the CEO is ultimately responsible for the Fund's strategy. The Chief Investment Officer is responsible for the Climate Change Investment Strategy, and the CIO and Head of RI oversee its development, implementation and are co-sponsors of the Climate Change Investment Strategy. The Investment Committee considers papers and proposals on climate change such as reduction target and new investments for recommendation or endorsement. The relevant elements of the strategy are integrated into investment team objectives with the Heads of each team responsible for ensuring delivery. Senior investment staff also lead on different pillars of the CCIS. In particular, the Analyse stream requires ongoing development, testing and collaboration and this is coordinated by a dedicated Climate Change Champion. An overview of CCIS progress is made six monthly to the Investment Committee as part of the Responsible Investment Dashboard.

Other teams within the Guardians also have objectives set as relevant - for example on communications and reporting, or operational implementation.

**SG 07.8  
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

## ESG issues in asset allocation

**SG 13**

**Mandatory**

**Public**

**Descriptive**

**PRI 1**

**SG 13.1**

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe

Climate Change Valuation Framework and Climate Change Scenario Analysis

- No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2**

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



**We do the following**

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify  
  - Consideration of ESG pre-approval and across different types of investment opportunities.
- We do not consider ESG issues in strategic asset allocation

**SG 13.3** Additional information. [OPTIONAL]

Review and integration of ESG is an integral part of opportunity assessment. ESG is included in all new opportunity assessments, before an allocation is decided.

For our external managers, responsible investment capabilities are part of our manager selection, due diligence and monitoring processes. After we have selected a manager, we carry out regular responsible investment reviews. For our direct investments, ESG due diligence is a major component of our pre-investment analysis. We also carry out site visits to assess ESG risks and activities directly.

We have developed specific ESG guidelines for different investment opportunities, which help in this process.

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

Finally, we report to the Investment Committee on allocation of NAV to positive investments on a 6 monthly basis.

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 13.4 CC** Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment

**Describe**

In order to assist investment professionals in bridging the gap from the high level scenarios to the specifics of individual assets, supplementary information was provided in the Climate Change Investment Strategy Scenario research to assess the ranges of likely impacts through time under different scenarios as well as insight into variations in impacts across industries and geographies.

- Incorporation into investment analysis

**Describe**

Our investment team developed a Climate Change Valuation Framework (also referred to in SG 01) which was adopted during 2018. The framework assists the investment professionals in integrating climate change considerations into valuations of active equity positions. It consists of five steps as well as six lenses that may help identify and quantify climate change risks. For example, the framework helps consideration of the impact of technology, physical risks, policy, supply/demand and other factors.

The Investment Team completed work on scenarios in 2019, this work builds on Valuation Framework and acts as a supplement.

We reviewed the Natural Catastrophe Re-insurance opportunity given the associated climate related risks. This research led to a change in the mandate.

- Inform active ownership
- Other

<b>SG 13.5</b> <b>CC</b>	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

	specify
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Other Senior Investment Professionals within the Fund.

<b>SG 13.6</b> <b>CC</b>	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.
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- Yes

	Describe
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Our Climate Change Investment Strategy is built on the belief the climate change presents material long-term risks for which the Fund will not be rewarded through returns.

The Climate Change Valuation Framework and scenario analysis referred to in SG 01 and SG 13.4 helps investment professionals to assess the long-term nature of some climate change impacts.

The 'Reduce' part of the Climate Change Investment Strategy shifts the portfolio to a lower carbon exposure as it is difficult to price or time impact over our time horizon.

- No

<b>SG 13.7</b> <b>CC</b>	Indicate whether a range of climate scenarios is used.
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- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

<b>SG 13.8</b> <b>CC</b>	Indicate the climate scenarios your organisation uses.
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Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> A low case (2°C)
Other	<input checked="" type="checkbox"/> Other (2)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (2) please specify:</div> A central case (3°C)
Other	<input checked="" type="checkbox"/> Other (3)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (3) please specify:</div> A high case (4°C)

**SG 14.1** Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

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

- Other, specify(2)

other description (2)

Liability, changing consumer preferences that may affect supply and demand of products and services

- None of the above

**SG 14.2** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		25	767	270	000
Currency	NZD				
Assets in USD		16	591	444	635

Specify the framework or taxonomy used.

Our whole portfolio has climate change integrated within it as a result of our Climate Change Investment Strategy.

Specific carbon reduction measures have been implemented in all listed equity portfolios.

We also have investments in what can be categorised as 'climate related opportunities' within our private market investments.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

A key focus was using the valuation framework and scenario tool to help identify climate change risks and mitigating factors.

- None of the above

#### SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

We encourage internal and external portfolio managers to consider climate change related risks and opportunities (not just emissions risk).

- None of the above

#### SG 14.4

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

Our Climate Change Investment Strategy aims to make the Fund more resilient to climate change over the long-term. Climate change presents a material risk for investors.

Our approach to climate change is well documented on our website and in our annual report, <https://www.nzsuperfund.co.nz/how-we-invest-balancing-risk-and-return/climate-change>

Carbon data is crucial to our strategy. We use MSCI's carbon emissions database and CDP as a source of data to MSCI. We have also used specialist firms in the past for carbon footprinting unlisted assets. We also use MSCI's Climate Ratings in our carbon reduction methodology.

We have also published the Fund's carbon footprint (available on our website). In both 2018 and 2019, we received limited assurance by KPMG on our carbon footprint.

In 2019, we become a formal supporter of the TCFD, and also the Transition Pathway Initiative (TPI). We were early joiner to the Climate Action 100+ initiative which, among other commitments, requests companies to report in alignment with the TCFDs.

<b>SG 14.5</b>	Additional information [Optional]
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When we look at new opportunities or review current opportunities, trends and themes are key considerations feeding directly into our view on how attractive an opportunity is.

<b>SG 14 CC</b>	Voluntary	Public		<b>General</b>
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<b>SG 14.6 CC</b>	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Reduce carbon exposure across portfolio	Carbon Intensity and carbon fossil fuel reserves	GHG protocol
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Calculating carbon footprinting of portfolio	Carbon Intensity and carbon fossil fuel reserves	GHG protocol
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Measurement and reporting of carbon footprinting against targets set	Carbon Intensity and carbon fossil fuel reserves	GHG protocol
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Resilience to carbon risk across portfolio	Carbon Intensity and carbon fossil fuel reserves	GHG protocol
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Understanding carbon risk in the portfolio	Tonnes of carbon emissions divided by \$million of company sales	GHG protocol
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

<b>SG 14.7 CC</b>	Describe in further detail the key targets.
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Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2017	2020	By 2020, we target a reduction in the carbon emission intensity of the Fund by at least 20%, and carbon reserves by at least 40%	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8  
CC** Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

The key mechanism is our Climate Change Investment Strategy :

1. Long-term resilience through a shift to a low-carbon reference portfolio. Progressively we have applied a low carbon benchmark to both our passive and listed equity portfolio.
2. Climate Change analysis integrated into the valuation of real assets using the Climate Change Valuation Framework, and accompanying scenario analysis work.
3. Integration of climate change requirements for analysis and engagement into investment managers expectations.
4. Engagement programme with a focus on climate change.
5. Specific focus on searching for climate change related solutions

- Processes for climate-related risks are not integrated into overall risk management

**SG 14.9  
CC** Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes



Please describe

We are part of the CA100+ initiative. One of the key objectives of this initiative is to encourage target companies to adopt the TCFD.

As part of our due diligence of new and existing managers, we ask if they have supported or are considering supporting the TCFD.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes

**SG 15.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

6.7

**SG 15.3** Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Energy efficiency / Clean technology

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

0.8

- Property
- Infrastructure
- Hedge funds
- Forestry
- Farmland
- Other (1)

#### Brief description and measures of investment

The type of investment is similar to private equity but is managed internally via our Direct Investment team. Types of investment include: Fuel cell manufacturer, for stationary power generation applications, a wind farm development company and waste to recycling facility.

- Renewable energy
- Green buildings

#### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

#### Percentage of AUM (+/-5%) per asset class invested in the area

0.9

- Property
- Infrastructure
- Hedge funds
- Forestry
- Farmland
- Other (1)

#### Brief description and measures of investment

Energy efficient glass

- Sustainable forestry

#### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Forestry

#### Percentage of AUM (+/-5%) per asset class invested in the area

4.3

- Farmland
- Other (1)

#### Brief description and measures of investment

The large majority of our forestry investments have FSC or PEFC certification. In addition, we have invested in one REDD forest project.

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

#### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

#### Percentage of AUM (+/-5%) per asset class invested in the area

0.3

- Hedge funds
- Forestry
- Farmland
- Other (1)

#### Brief description and measures of investment

Social Infrastructure Fund - investing in schools, hospitals and other social infrastructure.

In 2017, the Fund made its first investment in a social bond, investing NZ\$5.45m in a bond issued as part of the Ministry of Health's social bond programme. It seeks to reduce reoffending rates amongst a cohort of youth offenders by 15% over a 6 year period. 2018-2019 has shown some encouraging signs in terms of reduction figures in re-offending rates.

In 2019, the Fund also invested in Flow, a multi-utility business which provides sustainable water and energy infrastructure.

- Affordable housing

#### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

#### Percentage of AUM (+/-5%) per asset class invested in the area

0.1

- Infrastructure
- Hedge funds
- Forestry
- Farmland
- Other (1)

#### Brief description and measures of investment

We have one property development that targets the affordable segment of the residential market. Of the 208 units developed in the project, 70% are priced at or below the regional median house price. Of these, 74% of the units developed are 2 bedrooms or greater, 35% are townhouses and the remainder will be in apartment or maisonette format. Also, around 20% of the total units developed will be retained as long-term rentals offering renters fixed tenures of 3 to 7 years.

- Education
- Global health
- Water
- Other area, specify  
Waste and recycling technology

#### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

#### Percentage of AUM (+/-5%) per asset class invested in the area

0.3

- Property
- Infrastructure
- Hedge funds
- Forestry
- Farmland
- Other (1)

#### Brief description and measures of investment

This investment was a new investment in 2018. It is a cloud-based waste and recycling technology company.

The company provides an innovative technology platform for waste and recycling. It connects customers to a network of independent waste haulers and is leading the development of smart city products in the waste and recycling space. The company's goal is to help businesses, governments and organisations confidently execute on their sustainability goals through their waste management operations.

No