

LEA 02	Objective: Mandatory	Principle: PRI 1, 2, 3
<p>LEA 02</p> <p>By 2020, we will have a clear and consistent policy on engagement for all our investments. We will have a clear and consistent policy on engagement for all our investments. We will have a clear and consistent policy on engagement for all our investments.</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decision-making in a company's interests <input checked="" type="checkbox"/> To influence corporate practice for identify the need to influence on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decision-making in a company's interests <input type="checkbox"/> To influence corporate practice for identify the need to influence on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decision-making in a company's interests <input type="checkbox"/> To influence corporate practice for identify the need to influence on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via internal staff 	
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p>		
<p>Collaborative engagements</p>		
<p>Service provider engagements</p>		

RI TRANSPARENCY REPORT

2019

New Zealand Superannuation Fund

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2019 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		✓	-							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	✓	Private							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	✓	Private							✓
OO PE 01	Breakdown of private equity investments by strategy	✓	Public							✓
OO PE 02	Typical level of ownership in private equity investments	✓	Private							✓
OO PR 01	Breakdown of property investments	✓	Private							✓
OO PR 02	Breakdown of property assets by management	✓	Private							✓
OO PR 03	Largest property types	✓	Private							✓
OO INF 01	Breakdown of infrastructure investments	✓	Private							✓
OO INF 02	Breakdown of infrastructure assets by management	✓	Private							✓
OO INF 03	Largest infrastructure sectors	✓	Private							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	✓	Private	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Private							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Private							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 17	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	ESG incorporation strategies	✓	Public	✓						
SAM 02	Selection processes (LE and FI)	✓	Public	✓						
SAM 03	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	✓	Public		✓					
SAM 04	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 05	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 06	Monitoring on active ownership (listed equity/fixed income)	✓	Public	✓						
SAM 07	Percentage of (proxy) votes	✓	Public		✓					
SAM 08	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						
SAM 09	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓					✓	
SAM End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Public	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 07	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 11	ESG issues in index construction	🔒	n/a	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 13	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 10	Engagement methods	✓	Private		✓					
LEA 11	Examples of ESG engagements	✓	Private		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 14	Securities lending programme	✓	Public		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Private		✓					
LEA 21	Examples of (proxy) voting activities	✓	Private		✓					
LEA End	Module confirmation page	✓	-							

New Zealand Superannuation Fund

Reported Information

Public version

Organisational Overview

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.

Basic information

OO 01	Mandatory	Public	Gateway/Peering	General
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OO 01.1 Select the type that best describes your organisation or the services you provide.

- Non-corporate pension or superannuation or retirement or provident fund or plan
- Corporate pension or superannuation or retirement or provident fund or plan
- Insurance company
- Foundation
- Endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Family office
- Other, specify

OO 02	Mandatory	Public	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

New Zealand

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

131.3

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2018

OO 04.2 Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		37	400	000	000
Currency	NZD				
Assets in USD		25	918	114	075

Not applicable as we are in the fund-raising process

OO 06

Mandatory

Public

Descriptive

General

OO 06.1 Select how you would like to disclose your asset class mix.

- as percentage breakdown
 as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	<10%	>50%
Fixed income	<10%	<10%
Private equity	<10%	<10%
Property	<10%	<10%
Infrastructure	<10%	<10%
Commodities	0	0
Hedge funds	0	<10%
Fund of hedge funds	0	0
Forestry	<10%	<10%
Farmland	0	<10%

Inclusive finance	0	0
Cash	0	0
Money market instruments	<10%	0
Other (1), specify	10-50%	0
Other (2), specify	0	0

'Other (1)' specified

FX, Tilts, Synthetics, market neutral positions and active collateral (ex money market instruments)

OO 06.2 Publish asset class mix as per attached image [Optional].

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

OO 06.6 Provide contextual information on your AUM asset class split. [Optional]

Note regarding OO 6.1: The Money Market Instruments refer only to those that are managed internally.

Note regarding OO 6.3: We note that derivatives are used to synthetically complete the portfolio. The market value of these derivatives is reflected in the Fund's balance sheet. The notional value is not recognised in the balance sheet but is disclosed elsewhere in the financial statements (see Section 4: Financial Assets and Liabilities - pages 154 -159 of the Annual Report: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Annual%20Report%202018.pdf>).

OO 09 **Mandatory** **Public** **Peering** **General**

OO 09.1 Indicate the breakdown of your organisation's AUM by market.

Developed Markets

88.54



OO 09.2 Additional information. [Optional]

For this indicator, we have broken AUM down by specialised emerging market mandates versus global mandates (ie. those that track the MSCI ACWI IMI). The Fund does not have any mandates solely directed at investment in Frontier Markets. Therefore, there will be a small amount of exposure to emerging and frontier markets accounted for in the 'Developed Markets' statistic.

Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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OO 10.1 Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf.
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

Fixed income SSA – engagement

- We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with SSA bond issuers on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

Fixed income Corporate (financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (non-financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (securitised) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

At this point in time, we do not believe engagement relating to securitised assets would add value. However, we are monitoring the development of emerging practices here.

OO 11

Mandatory

Public

Gateway

General

OO 11.1

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - SSA

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - securitised

- We address ESG incorporation.
- We do not do ESG incorporation.

Private equity

- We address ESG incorporation.
- We do not do ESG incorporation.

Property

- We address ESG incorporation.
- We do not do ESG incorporation.

Infrastructure

- We address ESG incorporation.
- We do not do ESG incorporation.

Forestry

- We address ESG incorporation.
- We do not do ESG incorporation.

Money market instruments

- We address ESG incorporation.
- We do not do ESG incorporation.

Other (1)

- We address ESG incorporation.
- We do not do ESG incorporation.

'Other (1)' [as defined in OO 05]

FX, Tilts, Synthetics, market neutral positions and active collateral (ex money market instruments)

OO 11.2

Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.

Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
Listed equity	<p data-bbox="555 342 1500 427">Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="555 439 1318 595"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </p>
Fixed income - SSA	<p data-bbox="555 656 1500 741">Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="555 752 1318 909"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </p>
Fixed income - corporate (financial)	<p data-bbox="555 969 1500 1055">Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="555 1088 1318 1245"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </p>
Fixed income - corporate (non-financial)	<p data-bbox="555 1305 1500 1391">Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="555 1424 1318 1581"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </p>
Fixed income - securitised	<p data-bbox="555 1641 1500 1727">Fixed income - securitised - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p data-bbox="555 1738 1318 1895"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </p>

Private equity	<p>Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Property	<p>Property - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Infrastructure	<p>Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Hedge funds	<p>Hedge funds - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>
Forestry	<p>Forestry - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p>

Farmland	<div style="background-color: #0070C0; color: white; padding: 5px;">Farmland - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
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OO 11.4 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

RI is considered during opportunity identification. This is aided by RI guidelines across asset classes. As the investment process moves to manager selection, RI capabilities are part of the new manager selection and due diligence processes. Once a manager is selected, clauses requiring RI requirements are brought into mandates and other legal documents.

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

We may also carry out site visits to assess ESG activities onsite.

OO 12	Mandatory	Public	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed income - SSA
- Fixed income - Securitised

Direct - Other asset classes with dedicated modules

- Private Equity
- Property
- Infrastructure

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

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

Closing module

- Closing module

Peering questions

OO LE 01	Mandatory	Public	Gateway	General
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OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.			
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Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

Percentage of internally managed listed equities

Strategies	Percentage of internally managed listed equities
Passive	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Active - quantitative (quant)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Active - fundamental and active - other	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Total 100%	

OO FI 01	Mandatory	Public	Gateway	General
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Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies
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Type	Passive	Active - quantitative	Active - fundamental & others	Total internally managed fixed income security
SSA	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	100%
Securitised	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	100%

OO FI 01.2 | Additional information. [Optional]

In 2018 the Fund began managing a small passive fund consisting of sovereign bonds. The benchmark is the Bloomberg Barclays Global-Aggregate Total Return Index.

At the 31 December 2018, the Fund also held a small number of securitised assets in a (passive) transition account benchmarked against the Bloomberg Barclays Global-Aggregate Index.

OO PE 01	Mandatory	Public	Descriptive	General
OO PE 01.1	Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.			

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%
Growth capital	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
(Leveraged) buy-out	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (1)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (2)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total 100%	

All internally managed PE can be classified as per the PRI definition of 'Growth Capital', except one asset which can be classified as 'Venture'.

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 checked="" 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 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://www.nzsuperfund.co.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://www.nzsuperfund.nz/sites/default/files/documents-sys/Statement_of_Investment_Policies__Standards_and_Procedures.pdf

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 RI 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 SIPSP and RI 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.

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 where we are unable to legally impose our exclusions as it services multiple other investors. In practice, however, given the nature of the mandate, we are satisfied that likelihood of any breach of our exclusion policy is very low. The manager that runs this 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

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Our Climate Change Investment Strategy (CCIS) has 4 pillars: Reduce, Analyse, Engage and Search. Broadly, the identification of climate-related risks and opportunities comes under the 'Analyse' and "Search" pillars. More information on our CCIS can be found here: <https://www.nzsuperfund.nz/how-we-invest-balancing-risk-and-return-climate-change/climate-change-strategy>.

On current NZ Treasury projections the Fund will not peak in size as a percentage of GDP, until the 2070s. The first withdrawals from the Fund are not scheduled until 2032/33. This makes us one of a very few genuine long-term investors globally. Further information can be found here: <https://www.nzsuperfund.nz/how-we-invest-endowments/long-term-investing>. Given the Fund's long-term horizon and purpose, it is important that the risks and opportunities stemming from climate change are factored into our investment strategies and ownership practices. The goal of our CCIS is to make the Fund more resilient to climate-related risk. We believe it will improve our portfolio.

In order to determine climate related risks per investment, we have developed a 'Climate Change Valuation Framework' to help us understand and assess the risks in a consistent manner across the Fund. The framework uses a lens to assist in assessing first and second order climate change risks and opportunities. Investment professionals refer to the framework when evaluating new investment opportunities as well as when reviewing existing investments. Climate related risks and opportunities are different for every investment and depend on many considerations. However we categorise the different risks and opportunities assessed under the following headings: Technology, Resource Availability, Impact of Physical Damages, Policy, Demand & Supply and Liability.

The 'Search' pillar of our CCIS introduced a focus on seeking investment opportunities that benefit from a low-carbon transition or provide solutions for action on climate change. The Guardians has a well established strategy on Alternative Energy opportunities which is part of our risk budget (asset allocation) process.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

SG 01.8 CC	Indicate the associated timescales linked to these risks and opportunities.
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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, if the impact will occur over multiple periods, if it escalates or is perhaps a one-off event. They will 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 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

	Explain the rationale
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We are not currently supporting members of the TCFD. However, adding our name as a public supporter is under consideration.

We indirectly support the TCFD's by being members of the Climate Action 100+ Initiative and through our membership of the CDP.

Our CCIS and subsequent reporting covers the main facets of the TCFD recommendations.

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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Yes

	Describe
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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 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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Public PRI Climate Transparency Report

Annual financial filings

Regular client reporting

Member communications

Other

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

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

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

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

URL/Attachment

- URL

URL

<https://www.nzsuperfund.co.nz/performance-esg-management/voting-reports>

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

URL/Attachment

- URL

URL

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

- Attachment (will be made public)
- Engagement policy

URL/Attachment

- URL

URL

<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

<https://www.nzsuperfund.co.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

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

<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

<https://www.nzsuperfund.co.nz/how-we-invest/endowments>

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

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

Attachment

Active ownership approaches

URL/Attachment

URL

URL

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

Attachment

Reporting

URL/Attachment

URL

URL

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

Attachment

Climate change

	URL/Attachment
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URL

	URL
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<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].
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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://www.nzsuperfund.co.nz/sites/default/files/documents-sys/White%20Paper%20ESG%20Beliefs.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. 2018 was the 7th year that we reported against the GRI. <https://www.nzsuperfund.co.nz/publications/annual-reports>.

Our Climate Change Investment Strategy, 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 2018, we received Limited Assurance on our carbon footprint calculation:
<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/NZ%20Super%20limited%20assurance%20opinion%20carbon%20footprint%202018.pdf>.

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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We have a Board and Staff Code of Conduct.

For the Board when a situation arises, they recuse themselves from the issue/matter where the conflict of interest exists.

A copy of the Board's Charter is available at: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Board%20Charter.pdf>

A copy of the Board Code of Conduct is available at: <https://www.nzsuperfund.co.nz/documents/board-code-conduct>

Staff are required to, as part of the code of conduct, raise the conflict and step aside. The matter is then discussed with the CEO.

We take a precautionary approach and ask staff and board members to disclose any matter where there could be a perceived conflict.

A copy of our Human Resources Policy (including Code of Conduct and Securities Trading Procedure) is available at: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Human%20Resources%20Policy.pdf>

No

SG 03.3

Additional information. [Optional]

Specific details of potential Guardians Board and staff conflicts, and how they are managed, are detailed in our annual disclosures to the Commerce Select Committee (a Parliamentary Committee). See our response to question 45 at: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/FEC%20Annual%20Review%20questions%202017-18.pdf>.

Objectives and strategies

SG 05

Mandatory

Public

Gateway/Core Assessed

General

SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2

Additional information. [Optional]

Progress on our RI objectives is reviewed by the Investment Committee biannually via a RI dashboard and to the Board annually. In addition, there is a dedicated RI report within each Annual Report and a dedicated section within a confidential Quarterly Report to the New Zealand Minister of Finance.

Further, RI is integrated into the Guardians' Statement of Intent which is produced at least every three years. The Statement of Intent provides an overview of the Guardians and Fund, summarises our five-year strategic plan, and is a vehicle for agreeing, with the Minister of Finance, a set of performance measures against which we are required to report publicly. These performance measures include specific responsible investment measures which are:

- Achieving an A or A+ rating for the Strategy& Governance module of the PRI annual assessment. Our assessment reports are available on our website here: <https://www.nzsuperfund.co.nz/performance/esg-management>.
- Reporting on responsible investment activities and outcomes annually against the six Principles for Responsible Investment. This report can be found in the RI section of the Annual Report. For the 2018 Annual

Report, please see pages 59-61: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Annual%20Report%202018.pdf>.

The Statement of Intent can be found here: <https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/2016%20-%202021%20SOI%20FINAL.pdf>.

Annually, we also publish a complementary document, the Statement of Performance Expectations. The Statement of Performance Expectations sets out high priority activities (drawn from our strategic plan) and forecast financial statements for the relevant financial year. We report on how we have performed against the Statement of Intent and Statement of Performance Expectations in the Statement of Performance in our Annual Reports.

Performance objectives can be influenced by the reviews that internal staff do regarding the RI capabilities of our managers.

For dedicated RI staff, performance objectives are set and reviewed every 6 months.

In addition, we have a RI 3 year strategy (2017-2020) which was agreed by the Board in September 2017.

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1

Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
Head of Responsible Investment

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)

Other description (1)

Corporate Strategy, Investment Operations

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

Other description (2)

Leadership Team

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

The Guardians has a long-standing commitment to Responsible Investment. In addition, our governing legislation requires us to avoid prejudice to New Zealand's reputation in the world community.

ESG considerations are therefore integrated into all aspects of the Fund's investment activities, from investment selection and due diligence to ownership activities such as monitoring our external investment managers, exercising our voting rights and engaging with companies to improve their ESG policies and practices.

Our responsible investment work programme is led by the RI team, which acts as a RI Centre of Excellence for the Fund. The programme is wide ranging and touches most teams within the organisation. Investment professionals have their own responsibilities to integrate ESG issues within investment decisions. In addition, the Corporate Strategy (including Communications and Legal) and the Investment Operational (including Risk) side provide relevant support for the RI work that is undertaken.

The Board, CEO, CIO, Leadership Team and Investment Committee have oversight of the RI Programme. The Head of RI reports directly to the CIO, bi-annually to the Investment Committee and annually to the Board. The Board is the owner of the RI Policy and Framework. Therefore, any changes made to the Policy or Framework must be approved by the Board.

The Risk Committee also plays a role in oversight of ESG risks that are identified with investments.

We provide responsible investment resources to two other New Zealand Crown Financial Institutions: the Accident Compensation Corporation (ACC) and the Government Superannuation Fund Authority.

As well as applying ESG principles when making investment decisions, we aim to run the Guardians, as an organisation, in a way that demonstrates good ESG practice and reporting.

SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.

Number

2.8

I confirm I have read and understood the Accountability tab for SG 07

I confirm I have read and understood the Accountability tab for SG 07

SG 07 CC	Voluntary	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.

Board members or trustees

- 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

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

Other Chief-level staff or head of department

- 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)

Other description (1)

Climate Change Valuation Champion

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

Other role, specify (2)

Other description (2)

Other role, specify (2)

- 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 for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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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. As of 1 July 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 - in the CEO report, Investment Committee dashboard, Responsible Investment Annual Report to the Board and education sessions as required. Progress against our Carbon Reduction Target is reported to the Board annually.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process 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 valuation frameworks 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	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
-----------------------	---

- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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- Select all that apply**
- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Over 2018, NZSF was involved in a number of PRI-coordinated collaborative engagements:

- Investor Working Group on Palm Oil
- Methane Risk in the Energy and Utilities Sectors
- Climate Action 100+ initiative.

A staff member also attended the PRI in Person Conference in San Francisco.

In New Zealand, staff members of the Guardians are often called upon to talk about what it means to be a signatory to the PRI.

When PRI staff travel to New Zealand, we will provide suggestions for potential new signatories and suggested attendees for events.

We participated in the PE workshop that was held by the UNPRI in the latter part of the year.

Via staff participations in various Boards and groups, we play an active role in keeping PRI stakeholders in NZ (and globally via the International Forum of Sovereign Wealth Funds) up to date with progress of the PRI.

We also provided input into PRI's consultation regarding real assets and what expectations and needs signatories have in relation to ESG integration for real assets. Next steps on this will be working with the PRI on DDQs and case studies.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We hosted an IGCC monthly meeting while IGCC staff were in New Zealand.

We fed into New Zealand specific policy submissions made by IGCC.

A staff member spoke at an IGCC workshop held in Auckland on 8 October 2018.

During the year, we provided continued input into various climate change tools that IGCC was developing.

- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
Responsible Investment Association of Australasia (RIAA)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Anne-Maree O'Connor stood down from the Board of the Responsible Investment Association Australasia (RIAA) in 2018 after 10 years of participation.

Arti Prasad was elected to the Board of RIAA in 2018.

We sponsor and play a key role in organising the NZ RIAA Conference. We also sponsored the RIAA 2018 Responsible Investment Benchmarking Report (New Zealand and Australia).

Katie Beith was on the agenda organising committee for the New Zealand RIAA conference.

Tama Potaka spoke at the New Zealand RIAA Conference in 2018.

Arti Prasad spoke at the Australian RIAA Conference in 2018.

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
NZ Crown Financial Institutions resource sharing collaboration

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

NZSF has a RI resource sharing agreement with two other Crown Financial Institutions (CFIs) in NZ. The two CFIs (Accident Compensation Corporation (ACC) and the Government Superannuation Fund Authority) are also UNPRI signatories. We act as their secretariat on RI activities. Meetings are held quarterly to discuss and implement key RI activities such as policies and practices, engagement activities, research and reference and ESG integration.

- Other collaborative organisation/initiative, specify

NZ Corporate Governance Forum

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

NZSF has been a key driver behind the establishment and implementation of the NZ Corporate Governance Forum. Anne-Maree O'Connor was the founding Chair of the initiative, a position which transitioned to a new Chair in early 2017. NZSF continues to be involved in various work streams of the Forum.

- Other collaborative organisation/initiative, specify

One Planet Sovereign Wealth Fund Working Group on Climate Change

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The Fund was one of the 5 founding signatories of the One Planet Sovereign Wealth Fund Working Group on Climate Change.

In 2018, the working group released a framework to help sovereign wealth funds address climate change issues, including methods and indicators that can inform investors' priorities as shareholders and participants in financial markets.

The founding signatories include the Abu Dhabi Investment Authority, Kuwait Investment Authority, the New Zealand Superannuation Fund, Norges Bank Investment Management (NBIM), the Public Investment Fund of the Kingdom of Saudi Arabia, and the Qatar Investment Authority. The initiative is championed by President Macron of France.

- Other collaborative organisation/initiative, specify

UN Finance Commission on Modern Slavery

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Anne-Maree O'Connor was invited to be a commissioner for this initiative which launched in 2018. The Financial Sector Commission on Modern Slavery and Human Trafficking was established to explore, develop and rapidly scale up meaningful action by the global financial sector to address modern slavery and human trafficking. The Commission is chaired by Fiona Reynolds (CEO, PRI) will meet 4 times and releases a final report in September 2019 at the UN General Assembly.

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2 Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

We provided education and training on climate change and RI to NZ stakeholders (corporates, and investors) via public speaking commitments.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Provided financial support for academic or industry research on responsible investment

Description

We sponsored the RIAA NZ Benchmark Report and RIAA NZ conference.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

The RI and NZ Active Equities teams provided consultation with a number of NZ companies regarding their sustainability reporting.

Katie Beith is a member of the XRAP, a stakeholder consultation group that is drawn on by the External Reporting Board. Katie also participated as a speaker for a training session for NZ entities that have agreed to implement the Integrated Reporting Framework.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Spoke publicly at events and conferences to promote responsible investment

Description

Over 2018, RI team members and investment staff as well as the CEO and Chair of the Board all spoke at public events on various RI related topics.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description

We provided input to Business New Zealand, the External Reporting Board and other organisations that requested ESG related survey information, including the Organisation for Economic Co-Operation and Development.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify

Description

GNZS is a member of the Sustainable Palm Oil Working Group.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description

Arti Prasad is on the Board of RIAA.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- Other, specify
- No

Outsourcing to fiduciary managers and investment consultants

SG 12

Mandatory

Public

Core Assessed

PRI 4

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

SG 12.1

Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

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

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

Describe

In 2015 we worked with Mercer across 4 different scenarios including the 2 degC scenario. The findings helped frame our portfolio wide Climate Change Investment Strategy (CCIS). In 2018, we have focused on developing our own scenarios. The project completed early 2019. Next step is utilising them in investment decisions.

- No, not to assess future ESG/climate-related issues

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
Allocation of assets between different types of investment opportunities.
- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

The New Zealand Superannuation Fund is a global fund with a long time horizon and known liquidity. This means there are thousands of potential investment opportunities available to us. How do we choose the best ones for us?

The Risk Allocation Process (RAP) is a portfolio construction process or tool to help with our investment decision-making. We use the RAP to rank and map our existing and potential investment opportunities by:

- attractiveness (expected return, adjusted for confidence and risk); and
- consistency with the Fund's investment style (ESG is a major component of this).

Review and integration of ESG is an integral part of opportunity assessment.

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

Other additional information:

In 2018, we reviewed our position on the attractiveness of emerging market equities. Access to ESG information and adherence to best practice ESG standards were key parts of the conversation.

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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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)
- 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		37	900	000	000
Currency	NZD				
Assets in USD		26	264	612	926

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:

- Passive Equities Portfolios
- Emerging Market Equities Portfolios
- Multi Factor 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

Over 2018, the Direct Investment Team worked to socialise and bring awareness of climate change risks to portfolio company Boards.

- 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
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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 2018 we received limited assurance by KPMG on our carbon footprint.

We are currently considering whether to become a formal supporter of the TCFDs.

We have joined the Climate Action 100+ initiative which requests companies to report in alignment with the TCFDs.

SG 14.5

Additional information [Optional]

Investment Themes are an important part of how the Fund prioritises its investment research and activities. We have defined Investment Themes as long-lasting impacts on economies and capital markets, that will normally be fairly immune to the ups and downs of the business cycle.

Thematic analysis is about identifying return streams positively and negatively exposed to the themes. Our investment thesis is that these exposures will not usually be fully-priced by markets given they are "slow burn" in nature and subject to uncertainty. Thematic investing is therefore very much aligned with the Fund's long-term investment horizon.

The Fund has three broad Investment Themes we believe will provide areas of investment opportunity in years to come:

- Resource Sustainability
- Emerging Markets Segmentation
- Evolving Demand Patterns

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.
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Yes

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

	%
--	---

8.2

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.
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	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

	% of AUM
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0.7

- Property
- Infrastructure
- Hedge funds
- Forestry
- Farmland

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

% of AUM

1.1

- Property
- Infrastructure
- Hedge funds
- Forestry
- Farmland

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

% of AUM

5.6

- Farmland

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

% of AUM

0.3

- Hedge funds
- Forestry
- Farmland

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 has shown some encouraging signs in terms of enrolments into the programme. However, it is too early on in the programme to report reduction figures in re-offending rates.

- 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

% of AUM

0.2

- Infrastructure
- Hedge funds
- Forestry
- Farmland

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% will be priced at or below the regional median house price. Of these, 74% of the units developed will be 2 bedrooms or greater, 35% will be 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.

In December 2018 - we presented to the Board of the Developers and discussed climate change and the impacts of climate change on property.

- 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

% of AUM

0.3

- Property
- Infrastructure
- Hedge funds
- Forestry
- Farmland

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

Asset class implementation not reported in other modules

SG 16	Mandatory	Public	Descriptive	General
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SG 16.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - SSA	Exclusions apply as applicable.
Fixed income - Securitised	Exclusions apply as applicable.
Private equity	Our RI Guidelines for PE assist in our due diligence process and are the basis for identifying relevant ESG risks and opportunities. Internal PE investments are usually direct investments, where we are represented on the board and in this way, can drive management and best practice of ESG issues. We also specify specific legal clauses in the mandate outlining ESG due diligence and post investment reporting. At times, we also visit sites in person to review their ESG practices.
Property	Our RI Guidelines for Real Estate assist in our due diligence process and are the basis for identifying relevant ESG risks and opportunities. Internal Real Estate investments are usually direct investments, where we are represented on the board and in this way, can drive management and best practice of ESG issues. We also specify specific legal clauses in the mandate outlining ESG due diligence and post investment reporting. At times, we also visit sites in person to review their ESG practices. In 2018, we presented to the Board of one of our social development housing investments on climate change.
Infrastructure	Our RI Guidelines for Infrastructure assist in our due diligence process and are the basis for identifying relevant ESG risks and opportunities. Investments are usually direct investments, where we are represented on the board and in this way, can drive management and best practice of ESG issues. We also specify specific legal clauses in the mandate outlining ESG due diligence and post investment reporting.
Forestry	We integrate ESG responsibilities through our governance role as a director on the Board. We also specify specific legal clauses in the mandate outlining ESG due diligence and post investment reporting. At times, we also visit sites in person to review their ESG practices. In 2018, we presented to the Board of one of our social development housing investments on climate change.
Money market instruments	Where possible we apply ESG requirements in the counterparties we use. Exclusions apply where appropriate.
Other (1) [as defined in Organisational Overview module]	Other equates to FX, Tilts, Synthetics and market neutral positions: Exclusions including both ethical and climate related, apply where appropriate. In addition, we have shorted excluded companies which fall into the large market capitalisation category.

SG 17	Mandatory	Public	Descriptive	General
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SG 17.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Hedge funds - DDQ	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;">Select whether you use the PRI Hedge Fund DDQ</div> <input type="radio"/> Yes <input checked="" type="radio"/> No
Hedge funds	<p>ESG Due Diligence is a major component in the pre-investment analysis. ESG Management and Reporting is a post-investment requirement in our segregated hedge fund mandates. We have developed our own ESG guidelines for some of the different hedge fund categories such as Distressed Credit, Life Settlements and Natural Catastrophe Reinsurance. There are also ESG requirements, where relevant, in the legal documents for our hedge fund mandates. Our exclusion policies apply to all segregated mandates.</p>
Forestry	<p>ESG Due Diligence is a major component in the pre-investment analysis. ESG Management and Reporting is a post-investment requirement. We have developed our own Forestry ESG guidelines to assist in this - these include FSC requirements or equivalent and safety issues. There are also ESG requirements for integration and reporting in the Manager's IMA. Focus this year has been on improving safety in the NZ forestry industry including contractors and suppliers as well as obtaining specific carbon related data for footprinting.</p> <p>Where possible we also have annual site visits to see the ESG practices on site.</p>
Farmland	<p>ESG Due Diligence is a major component in the pre-investment analysis. ESG Management and Reporting is a post-investment requirement. We have developed our own rural ESG guidelines to assist in this. There are also ESG requirements for integration and reporting in the Manager's IMA.</p> <p>Focus this year has been on improving environmental impact of our farms as well as obtaining specific carbon related data for footprinting. A handful of our farms were awarded safety and environmental awards.</p> <p>Where possible we also have annual site visits to see the ESG practices on site.</p>

SG 17.2	Additional information.
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We conduct an RI review and rate each manager every 1-2 years. From this, relevant RI performance issues (both good practice and concerns) are integrated into the portfolio management and performance (conviction) ratings of our external managers. These conviction reviews are carried out by portfolio managers in the Investments Group with input from dedicated RI staff.

Innovation

SG 18	Voluntary	Public	Descriptive	General
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SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

SG 18.2

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

During 2018, it is the ongoing implementation of our Climate Change Strategy that we would like to highlight - our climate change valuation framework and commencement of our scenario analysis work. The valuation framework is innovative because it takes the portfolio managers through a process of identifying and assessing climate change risks related to policy, physical impacts, resource impacts, and technological impacts. The portfolio managers then quantify and integrate these risks and opportunities in the valuation of their assets.

While aspects of this work have been described in other parts of the module, the methodology to make the Fund more climate resilient was designed in-house. We are particularly proud of this piece of innovative work.

No

Communication

SG 19

Mandatory

Public

Core Assessed

PRI 2, 6

SG 19.1

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Caution! The order in which asset classes are presented below has been updated in the online tool to match the Reporting Framework overview.

If you are transferring data from an offline document, please check your response carefully.

Selection, Appointment and Monitoring

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
	<p>Disclosure to public and URL</p> <p><input checked="" type="checkbox"/> How responsible investment considerations are included in manager selection, appointment and monitoring processes</p> <p><input checked="" type="checkbox"/> Details of the responsible investment activities carried out by managers on your behalf</p> <p><input checked="" type="checkbox"/> E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership</p> <p><input type="checkbox"/> Other</p>
	<p>Frequency</p> <p><input type="checkbox"/> Quarterly or more frequently</p> <p><input type="checkbox"/> Biannually</p> <p><input checked="" type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad-hoc/when requested</p>
	<p>URL</p> <p>https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/integration</p> <p>URL</p> <p>https://www.nzsuperfund.nz/sites/default/files/documents-sys/Annual%20Report%202018.pdf</p>

Listed equity - Incorporation

Do you disclose?

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

Disclosure to public and URL

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

Frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested

URL

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

URL

<https://www.nzsuperfund.nz/sites/default/files/documents-sys/Annual%20Report%202018.pdf>

Listed equity - Engagement

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	<input checked="" type="checkbox"/> Details on the overall engagement strategy <input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input checked="" type="checkbox"/> Number of engagements undertaken <input checked="" type="checkbox"/> Breakdown of engagements by type/topic <input type="checkbox"/> Breakdown of engagements by region <input checked="" type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input checked="" type="checkbox"/> Examples of engagement cases <input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information
Frequency	<input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested
URL	https://www.nzsuperfund.co.nz/performance-esg-management/engagement-reports
URL	https://www.nzsuperfund.nz/sites/default/files/documents-sys/Annual%20Report%202018.pdf

Listed equity – (Proxy) Voting

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	<input checked="" type="radio"/> Disclose all voting decisions <input type="radio"/> Disclose some voting decisions <input type="radio"/> Only disclose abstentions and votes against management
Frequency	<input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad hoc/when requested
URL	https://www.nzsuperfund.co.nz/performance-esg-management/voting-reporting-platform

SG 19.2 Additional information [Optional]

We report through a dedicated Responsible Investment section of our website, in our annual reports and other sections of our website where pertinent. For example, publications, Statement of Policies, Standards and Procedures, and also the UNPRI Transparency Report. Early in 2019, we began disclosing all our voting decisions, starting from 1 July 2018, through a dedicated platform. Previously global voting information was provided twice yearly in an aggregated fashion via a pdf. Reports from our engagement service provider are added to our public website quarterly.

New Zealand Superannuation Fund

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

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.

Listed Equity and Fixed Income Strategies

SAM 01

Mandatory

Public

Gateway

PRI 1

SAM 01.1

Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

Active investment strategies

Active investment strategies	Listed Equity				
Screening	<input checked="" type="checkbox"/>				
Thematic	<input type="checkbox"/>				
Integration	<input checked="" type="checkbox"/>				
None of the above	<input type="checkbox"/>				

Passive investment strategies

Passive investment strategies	Listed Equity	FI - SSA	FI -Corporate (financial)	FI -Corporate (non-financial)	Fixed income - Securitised
Screening	<input checked="" type="checkbox"/>				
Thematic	<input type="checkbox"/>				
Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>				

SAM 01.2

Additional information. [Optional]

Exclusion decisions are based on a clear process and principles that are set out in our Responsible Investment Framework. International conventions, New Zealand law, Crown actions, and companies' involvement and activities, are key factors in our decision-making process.

There are two types of exclusions:

- 'product' exclusions, where companies are excluded based on the products they make (for example tobacco, cluster munitions)
- 'poor ESG practices' exclusions, where companies are excluded for systemic breaches of responsible investment standards.

In addition, the Fund will exclude investment in the government bonds of any nation state where there is widespread condemnation or sanctions by the international community and New Zealand has imposed meaningful diplomatic, economic or military sanctions aimed at the government.

More information is available on our website: <https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/exclusions>.

In 2017, we transitioned the passive equities mandates to be lower carbon. This is what we are indicating by ticking 'integration' of passive listed equities.

Selection

SAM 02	Mandatory	Public	Core Assessed	PRI 1
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SAM 02.1	Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers
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	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Your organisation's investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>							
ESG incorporation requirements	<input checked="" type="checkbox"/>							
ESG reporting requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>							
No RI information covered in the selection documentation	<input type="checkbox"/>							

SAM 02.2	Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach
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Strategy

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>							
Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>							
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>							
Assess the ESG definitions to be used	<input type="checkbox"/>							
Other	<input type="checkbox"/>							
None of the above	<input type="checkbox"/>							

ESG people/oversight

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>							
Review the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>							
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>							
Review the manager's RI-promotion efforts and engagement with the industry	<input checked="" type="checkbox"/>							
Other	<input type="checkbox"/>							
None of the above	<input type="checkbox"/>							

Process/portfolio construction/investment valuation

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
Review the process for ensuring the quality of the ESG data used	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework	<input checked="" type="checkbox"/>							
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input type="checkbox"/>							
Review how ESG materiality is evaluated by the manager	<input type="checkbox"/>							
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Other, specify	<input type="checkbox"/>							
None of the above	<input type="checkbox"/>							

SAM 02.3 Indicate the selection process and its ESG/RI components

- Review ESG/RI responses to RfP, RfI, DDQ etc.
- Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

SAM 02.4 When selecting external managers does your organisation set any of the following:

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG performance development targets	<input checked="" type="checkbox"/>							
ESG score	<input checked="" type="checkbox"/>							
ESG weight	<input type="checkbox"/>							
Real world economy targets	<input type="checkbox"/>							
Other RI considerations	<input checked="" type="checkbox"/>							
None of the above	<input type="checkbox"/>							

If you select any 'Other' option(s), specify

In due diligence, we look at RI strategy(ies), integration of ESG into investment decision making (pre and post investment), engagement and voting activities, RI resources and expertise, and reporting and communication. We also look at a manager's ability to implement our exclusion policy.

SAM 02.5

Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]

When selecting a new manager, the RI team works closely with the lead portfolio manager, to feed into the due diligence process that is undertaken before appointment. We have a set of RI due diligence questions that we customise to send to managers; we undertake a review of their RI activities, we may attend an onsite visit or hold calls or meetings to better understand their approach to RI.

Once we have obtained the information we require, we rate the manager's RI ability, giving them an RI score, taking consideration of the investment strategy and the type of opportunity that we are trying to access.

If a manager's RI ability is, at that point, lower than what we would expect, then we consider how willing they are to work with us to further their RI ability. From there, we can set out a plan for improvement, work with the manager and monitor progress over time.

The RI Manager Rating feeds into the Investment Team's overall conviction score for managers. The managers must maintain a minimum conviction score. If they drop below a certain threshold post investment, a manager is placed on watch and a deep review of their capabilities, governance and processes is undertaken.

SAM 03**Mandatory****Public****Additional Assessed****PRI 2****SAM 03.1**

Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager selection process.

Engagement

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	
Review the manager's engagement policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review the manager's engagement process (with examples and outcomes)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Ensure whether engagement outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other engagement issues in your selection process specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

If you select 'Other' option, specify

We also look at the resources allocated to undertake engagement activities. We view engagement with companies to be applicable to equities and bond portfolios.

SAM 03.2 Describe how you assess if the manager's engagement approach is effective.

- Impact on investment decisions
- Financial impact on target company or asset class
- Impact on ESG profile of company or the portfolio
- Evidence of changes in corporate practices(i.e. ESG policies and implementation activities)
- Other, specify
- None of the above

SAM 03.4 Additional information [OPTIONAL]

We look at a manager's engagement policy, allocated resource and internal governance procedures. We also review examples of their engagement reporting, which may include, for active managers, how this has influenced their investment view of the company or changes made by the company as a result of engagement.

Whilst we now have full in-house voting capability, we continue to review the voting policies of our managers as we find they give very good insights into the depth of their active ownership capacity.

Please note that the engagement undertaken by our service provider covers corporates (both financial and non-financial) from both a listed equity and fixed income perspective. They do not engage on SSA or securitised FI assets.

Appointment

SAM 04	Mandatory	Public	Core Assessed	PRI 1
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SAM 04.1 Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process

- Sets standard benchmarks or ESG benchmarks
- Defines ESG objectives and/ or ESG related exclusions/restrictions
- Sets incentives and controls linked to the ESG objectives
- Requires reporting on ESG objectives
- Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards
- Other, specify (1)
- Other, specify (2)
- None of the above

SAM 04.2 Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

Asset class

- Listed equity (LE)

Benchmark

- Standard benchmark
- ESG benchmark, specify

In 2017, we instructed our passive listed equity managers to transition our portfolios to be low carbon. We did this by developing a customized benchmark which the passive managers track. The customized benchmark uses our in-house designed methodology that reduces both carbon intensity and exposure to fossil fuel reserves.

ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify

Investment restrictions are stated in the Investment Management Agreements (IMAs) for all managers. All agreements, where possible, mandate adherence to our exclusion list. Other examples of restrictions that may be included are investment in derivatives (some mandates) and prudential limits.

GNZS current product exclusions cover the following:

- Manufacture of cluster munitions;
- Manufacture, testing or storing of nuclear explosive devices;
- Manufacture of anti-personnel mines;
- Manufacture of tobacco;
- Processing of whale meat;
- Recreational cannabis; and

GNZS also has a company-specific category for exclusions based on breaches of ESG standards. Included within this is an escalation strategy to consider exclusion when engagement has not worked.

The list of excluded companies can be found on our website here: <https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/exclusions>

- ESG integration, specify

In 2017/2018 financial year, we instructed our passive listed equity managers and our Emerging Markets and New Zealand Active Equity Managers to transition our portfolios to be low carbon, as specified by us. This has continued into the new financial year.

All active listed equity managers have a requirement to integrate ESG into due-diligence and post-investment management.

- Engagement, specify

All LE investment managers to undertake engagement activities. In 2018, we strengthened the RI requirements (including engagement) for our New Zealand Active Equity Managers.

We note here that we also employ an engagement service provider to help ensure our engagement objectives are met.

- Voting, specify

Despite undertaking global voting in-house, we still require our listed equity managers to having a voting policy and capability.

- Promoting responsible investment
- ESG specific improvements
- ESG guidelines/regulation, principles/standards, specify
- Other, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Monthly
- Quarterly
- Bi-annually
- Annually
- Ad-hoc/when requested
- Fixed income - SSA (SSA)

Benchmark

- Standard benchmark, specify
Our fixed income manager is required to track the Bloomberg Barclays Global Aggregate Index.
- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify
There are a number of investment restrictions outlined in the IMA. From an RI perspective, a schedule provides a restricted list of entities and countries that the manager is prevented from investing in.

Our list of excluded countries consists of those countries facing sanctions from the United Nations.
- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- ESG guidelines/regulation, principles/standards, specify
- Other, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested
 - Annually
 - Bi-annually
 - Quarterly
 - Monthly
- Fixed income - Corporate (financial)

Benchmark

- Standard benchmark, specify
Our fixed income manager is required to track the Bloomberg Barclays Global Aggregate Index.
- ESG benchmark, specify

ESG Objectives

- Other, specify
- ESG related strategy, specify
- ESG related investment restrictions, specify
There are a number of investment restrictions outlined in the IMA. From an RI perspective, a schedule provides a restricted list of entities and countries that the manager is prevented from investing in.
- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- ESG guidelines/regulation, principles/standards, specify
- Other, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested
 - Annually
 - Bi-annually
 - Quarterly
 - Monthly
- Fixed income - Corporate (non-financial)

Benchmark

- Standard benchmark, specify

Our fixed income manager is required to track the Bloomberg Barclays Global Aggregate Index.

- ESG benchmark, specify

ESG Objectives

- Other, specify

- ESG related strategy, specify

- ESG related investment restrictions, specify

There are a number of investment restrictions outlined in the IMA. From an RI perspective, a schedule provides a restricted list of entities and countries that the manager is prevented from investing in.

Our list of excluded countries consists of those countries facing sanctions from the United Nations.

- ESG integration, specify

- Engagement, specify

- Voting, specify

- Promoting responsible investment

- ESG specific improvements

- ESG guidelines/regulation, principles/standards, specify

- Other, specify

Incentives and controls

- Fee based incentive

- Communication and remedy of breaches

- Termination

- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested

- Annually

- Bi-annually

- Quarterly

- Monthly

- Fixed income - Securitised

Benchmark

- Standard benchmark, specify

Our fixed income manager is required to track the Bloomberg Barclays Global Aggregate Index.

- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify

There are a number of investment restrictions outlined in the IMA. From an RI perspective, a schedule provides a restricted list of entities and countries that the manager is prevented from investing in.

Our list of excluded countries consists of those countries facing sanctions from the United Nations.

- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- ESG guidelines/regulation, principles/standards, specify
- Other, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested
 - Annually
 - Bi-annually
 - Quarterly
 - Monthly
- Private equity

Benchmark

- Standard benchmark, specify
 - ESG benchmark, specify
- Proxy to reference portfolio (which is low carbon).

ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify
- ESG integration, specify

There is a clause in the Management Deed which states: The manager shall: conduct due diligence investigations, investment selection and ongoing management in respect of each Investment on behalf of the Limited Partnership, such matters to include identification, consideration, monitoring, engagement and active reporting of ESG factors, including risks.

- Engagement, specify

There is a clause in the Management Deed which states: The manager shall: conduct due diligence investigations, investment selection and ongoing management in respect of each Investment on behalf of the Limited Partnership, such matters to include identification, consideration, monitoring, engagement and active reporting of ESG factors, including risks.

- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- ESG guidelines/regulation, principles/standards, specify
- Other, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested
 - Annually
 - Bi-annually
 - Quarterly
 - Monthly
- Property

Benchmark

- Standard benchmark, specify
 - ESG benchmark, specify
- Proxy to reference portfolio (which is low carbon).

ESG Objectives

- ESG related strategy, specify
- ESG related investment restrictions, specify

The IMA requires the manager to comply with our Statement of Investment Policies, Standards and Procedures (SIPSP) including our legislated ethical investment requirements. It requires compliance with all our mandated requirements including that of avoiding prejudice to New Zealand's reputation as a responsible member of the world community. Another example of a restriction in the IMA is investment in derivatives. Certain prudential limits are also specified.

- ESG integration, specify
- Engagement, specify
- Voting, specify
- Promoting responsible investment
- ESG specific improvements
- ESG guidelines/regulation, principles/standards, specify
- Other, specify

There is a Shareholders Agreement in place for a specific investment where we have a significant stake. It is an agreement among shareholders that the company will conduct business according to best practice standards, high standards of corporate governance and best-practice principles for the management of environmental, social and stakeholder matters.

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Monthly
- Quarterly
- Bi-annually
- Annually
- Ad-hoc/when requested
- Infrastructure

Benchmark

- Standard benchmark, specify
 - ESG benchmark, specify
- Proxy to reference portfolio (which is low carbon).

ESG Objectives

- ESG related strategy, specify
 - ESG related investment restrictions, specify
- The IMA requires the manager to comply with our Statement of Investment Policies, Standards and Procedures (SIPSP) including our legislated ethical investment requirements. It requires compliance with all our mandated requirements including that of avoiding prejudice to New Zealand's reputation as a responsible member of the world community. Another example of a restriction in the IMA is investment in derivatives. Certain prudential limits are also specified.
- ESG integration, specify
 - Engagement, specify
 - Voting, specify

Despite undertaking global voting in-house, this manager is still required to have a voting policy and capability and report to NZSF on votes cast and not cast.

- Promoting responsible investment
- ESG specific improvements
- ESG guidelines/regulation, principles/standards, specify
- Other, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

SAM 04.3

Indicate which of these actions your organisation might take if any of the requirements are not met

- Discuss requirements not met and set project plan to rectify
- Place investment manager on a “watch list”
- Track and investigate reason for non-compliance
- Re-negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify
- No actions are taken if any of the ESG requirements are not met

SAM 04.4

Provide additional information relevant to your organisation's appointment processes of external managers. [OPTIONAL]

Our RI requirements and expectations of managers have been enhanced over the years. Any new managers appointed have specific clauses in their mandates covering restrictions, voting, engagement, ESG due diligence and post-investment management, climate change and reporting requirements.

Our exposure to FI is predominantly through one passive fund that tracks the Bloomberg Barclays Global Aggregate Index. Therefore, our ESG requirements of the manager are broad and apply to the portfolio as a whole rather than to the specific different investments within it. The mandate is segregated which means the manager can adhere to our exclusion criteria. The manager runs a number of mandates with us so we are very aware of their RI capabilities.

Manager engagement is supported by engagement undertaken by our service provider, which covers corporates (both financial and non-financial) from both a listed equity and fixed income perspective.

Monitoring

SAM 05	Mandatory	Public	Core Assessed	PRI 1
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SAM 05.1	When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates
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	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG objectives linked to investment strategy (with examples)	<input type="checkbox"/>							
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input checked="" type="checkbox"/>							
Compliance with investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>							
ESG portfolio characteristics	<input type="checkbox"/>							
How ESG materiality has been evaluated by the manager in the monitored period	<input type="checkbox"/>							
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input type="checkbox"/>							
PRI Transparency Reports	<input checked="" type="checkbox"/>							
PRI Assessment Reports	<input checked="" type="checkbox"/>							
RI-promotion and engagement with the industry to enhance RI implementation	<input type="checkbox"/>							

Changes to the oversight and responsibilities of ESG implementation	<input type="checkbox"/>							
Other general RI considerations in investment management agreements; specify	<input checked="" type="checkbox"/>							
None of the above	<input type="checkbox"/>							

If you select any 'Other' option(s), specify

We also look at whether there has been any changes in ESG policies, processes or governance structures.

SAM 05.2 When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	FI - Securitised	Private equity	Property	Infrastructure
ESG score	<input checked="" type="checkbox"/>							
ESG weight	<input type="checkbox"/>							
ESG performance minimum threshold	<input type="checkbox"/>							
Real world economy targets	<input type="checkbox"/>							
Other RI considerations	<input checked="" type="checkbox"/>							
None of the above	<input type="checkbox"/>							

If you select any 'Other' option(s), specify

We have also developed ESG guidelines per investment opportunity. When we are assessing a manager's RI capabilities, we use these guidelines to understand the specific ESG risks and opportunities associated with that investment opportunity. This helps us to add some context around the importance of ESG to that particular investment opportunity. This in turn, helps us to define expectations for what a manager could/should be doing from an RI perspective.

SAM 05.3

Provide additional information relevant to your organisation's monitoring processes of external managers. [OPTIONAL]

We rate all of our investment managers on their RI capability and through this process they are given a rating. This is monitored and reviewed every 1-2 years. If a manager's performance is deemed to be below expectation, we put an Engagement Plan in place and seek to work with the manager to improve their performance.

RI concerns or strengths feed into a manager's overall conviction score.

SAM 06

Mandatory

Public

Additional Assessed

PRI 1

SAM 06.1

When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls

Engagement

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	
Report on engagements undertaken (summary with metrics, themes, issues, sectors or similar)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Report on engagement ESG impacts (outcomes, progress made against objectives and examples)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Information on any escalation strategy taken after initial unsuccessful dialogue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Alignment with any eventual engagement programme done internally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Information on the engagement activities' impact on investment decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to engagement in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

SAM 07	Mandatory	Public	Core Assessed	PRI 2
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SAM 07.3	Additional information [OPTIONAL]
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We have chosen not to answer SAM 7.2 (which asks for the number of companies our external managers have engaged with on our behalf) for a number of reasons:

1. When our passive managers track the MSCI IMI (less our carbon restrictions), we have exposure to c. 6000 companies. We do not expect them to engage with this number of companies.
2. Engagement is very resource intensive and can take years to yield results. Therefore monitoring the number of companies engaged is not reflective of engagement effort or quality.
3. Managers all report on engagement activities but in different formats. We do not believe that aggregating this information into one number is a good use of our time.
4. We engage via multiple avenues: directly ourselves, through an engagement service provider, through involvement with collaborations and via our managers. Looking at what our managers do in isolation misrepresents our activities.

In 2018 we reviewed the engagement our managers are doing on climate change.

Outputs and outcomes

SAM 08	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SAM 08.1	Describe how you ensure that best RI practice is applied to managing your assets
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- Encourage improved RI practices with existing investment managers

	Measures
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As described previously, we rank our managers on their RI capability and if it is deemed to be below expectations, we develop an Engagement Plan and seek to work with them to improve over time.

- Move assets over to investment managers with better RI practices
- Other, specify
- None of the above

SAM 08.2	Additional information. [Optional]
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When the opportunity arises to bring on a new manager, analysis of their ESG capability is a core part of due diligence.

SAM 09	Mandatory	Public	Additional Assessed	PRI 1,6
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SAM 09.1	Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.
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- Add Example 1

Topic or issue	Strengthen engagement requirements in the legal document for NZ listed equity managers
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Fixed income – securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input type="checkbox"/> Infrastructure
Scope and process	<p>In 2018, we strengthened the engagement requirements of the legal documents for our NZ listed equity managers (internal and external).</p> <p>Some of our more recently hired managers had stronger requirements than our older managers. This project ensured we were asking and expecting the same RI activities of all our NZ listed equity managers.</p>
Outcomes	Better reporting on engagement activities.

Add Example 2

Topic or issue	Manager monitoring
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Fixed income – securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input type="checkbox"/> Infrastructure
Scope and process	<p>From April 2018 - July 2018, the External Investments & Partnerships Team and the RI Teams updated the RI reviews for all the external managers. The objectives of the process included:</p> <ul style="list-style-type: none"> • Refresh the RI Manager Reviews • Keep abreast of changes in ESG capabilities in managers (we are seeing a significant increase in capacity and resourcing) • Monitoring and measuring of RI Manager Engagement Plans • Reflect on the implementation of the Climate Change Investment Strategy by managers • Alignment of target RI scores across opportunities • Calibration of the manager scoring to ensure consistency in evaluations across the team.
Outcomes	<p>Results and conclusions were as follows:</p> <ul style="list-style-type: none"> • 4 managers were upgraded • No managers were downgraded • Percent of NAV 'A' rated and above significantly improved (from 65% to 70%) since 2017 • 2018: For the first time, we had no 'C' rated managers since we began rating managers on RI. For context, a C rating is the lowest rating possible. • Only 3 managers are significantly below our RI expectations. This information feeds into our manager conviction views. • 2018 saw significant improvement in managers putting ESG policies in place, improving RI capabilities and hiring of ESG resources.

Add Example 3

Topic or issue	Climate change
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (non financial) <input type="checkbox"/> Fixed income – securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input type="checkbox"/> Infrastructure
Scope and process	In 2018, we developed a framework for assessing manager actions on climate change.
Outcomes	<p>As a result of developing the framework, we identified investment manager expectations per opportunity.</p> <p>In 2019 we will trial how the framework helps us to assess what managers are doing on climate change and how this aligns with our Climate Change Investment Strategy.</p>

- Add Example 4
- Add Example 5
- We are not able to provide examples

New Zealand Superannuation Fund

Reported Information

Public version

Direct - Listed Equity Incorporation

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.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 01	Mandatory	Public	Gateway	PRI 1
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LEI 01.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)
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ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening and integration strategies

Percentage of active listed equity to which the strategy is applied	<table border="1"> <tr> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">%</td> </tr> <tr> <td style="text-align: center;">100</td> <td></td> </tr> </table>		%	100	
	%				
100					

- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

	Total actively managed listed equities
--	--

100%

LEI 01.2	Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.
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We believe ESG factors can impact investment performance over the long-term. Our approach is to integrate ESG into long-term fundamental analysis through a combination of company research, income forecasts, scenario analysis, valuations, buy/sell/hold recommendations, sizing and engagement plans. Implementation of our Climate Change Investment Strategy is a good example of ESG integration.

Exclusion decisions are based on a clear process and principles that are set out in our Responsible Investment Framework. International conventions, New Zealand law, Crown actions, and companies' involvement and activities, are key factors in our decision-making process.

LEI 02	Voluntary	Public	Additional Assessed	PRI 1
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Type of ESG information

- Raw ESG company data

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Company-related analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Sector-related analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Country-related analysis or ratings
- Screened stock list

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- ESG issue-specific analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Other, specify

LEI 02.2	Indicate if you incentivise brokers to provide ESG research.
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Yes

LEI 02.3	Describe how you incentivise brokers.
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The RI team participates in our annual formal counterparty service review by scoring and providing specific feedback to brokers on RI research. This in turn, contributes to commission paid to brokers. It also impacts the level of trading activity with counterparties.

No

LEI 02.4	Additional information.[Optional]
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We have not indicated that we receive country-related analysis or ratings. This is because our internally managed active listed equity holdings are all in New Zealand.

(A) Implementation: Screening

LEI 04	Mandatory	Public	Descriptive	PRI 1
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LEI 04.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

	Description
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Exclusion decisions are based on a clear process and principles that are set out in our Responsible Investment Framework. International conventions, New Zealand law, Crown actions, and companies' involvement and activities, are key factors in our decision-making process.

There are two types of exclusions:

(a) 'product' exclusions, where companies are excluded based on the products they make. Currently, companies that are directly involved in the following activities are excluded from the Fund:

- the manufacture of cluster munitions
- the manufacture or testing of nuclear explosive devices (NEDs)
- the manufacture of anti-personnel mines

- the manufacture of tobacco
- the processing of whale meat
- recreational cannabis.

(b) 'poor ESG practices' exclusions, where companies are excluded for systemic breaches of responsible investment standards. Exclusion on the basis of poor ESG practices is a last resort, factoring in the likely success of engagement, the materiality of the issue and our desire to, as a relatively small investor in global terms, focus our limited resource on companies where we believe we can make a difference.

Decisions to exclude companies from the Fund are made public along with the reason why.

More information is available on our website: <https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/exclusions>.

Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

We use MSCI, ISS, ACSI and in-house research to identify ESG leaders.

Norms-based screening

Screened by

- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Description

MSCI research helps us to identify if there have been any breaches of the UN Global Compact Principles by companies. This research informs our engagement strategy.

LEI 04.2

Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

All product and company exclusion decisions go through both the Investment Committee and Board. The rationales for all decisions are made public on our website. Developing specific criteria for the product exclusions is a part of background research that is undertaken when developing the case for the exclusion. The criteria are agreed by the Investment Committee and Board when the new exclusion is approved.

When we do make a decision to engage or exclude, our decision is based on the clear process and principles that are set out in our Responsible Investment Framework which is publicly available (<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/Responsible%20Investment%20Framework.pdf>).

LEI 05**Mandatory****Public****Core Assessed****PRI 1****LEI 05.1**

Indicate which processes your organisation uses to ensure screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Review and evaluation of external research providers
- Other, specify
- None of the above

LEI 05.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 05.3

Indicate how frequently third party ESG ratings are updated for screening purposes.

- Quarterly or more frequently
- Bi-annually
- Annually
- Less frequently than annually

LEI 05.4 Indicate how frequently you review internal research that builds your ESG screens.

- Quarterly or more frequently
- Bi-annually
- Annually
- Less frequently than annually

LEI 05.5 Additional information. [Optional]

Our list of excluded companies is updated bi-annually. We use a mix of service provider screening tools, outsourced bespoke research and internal research to develop the final list of companies to exclude.

LEI 06	Voluntary	Public	Additional Assessed	PRI 1
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LEI 06.1 Indicate which processes your organisation uses to ensure fund criteria are not breached.

- Systematic checks are performed to ensure that stocks meet the funds' screening criteria.
- Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- Audits of fund holdings are undertaken regularly by internal audit function
- Periodic auditing/checking of the organisations RI funds by external party
- Other, specify
The Compliance and Operations teams, as well as the Custodian, are constantly monitoring the Fund's holdings to ensure no breaches.
- None of the above

LEI 06.2 If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.

A breach will be picked up by either our Custodian or one of the Operational Staff. They will then inform the relevant investment professional as well as the investment manager. The investment manager is then required to exit the stock as soon as possible.

(C) Implementation: Integration of ESG factors

LEI 08	Mandatory	Public	Core Assessed	PRI 1
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LEI 08.1 Indicate the ESG factors you systematically research as part of your investment analysis and the proportion of actively managed listed equity portfolios that is impacted by this analysis.

ESG issues	Proportion impacted by analysis
Environmental	<div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Environmental </div> <ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
Social	<div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Social </div> <ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
Corporate Governance	<div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Corporate Governance </div> <ul style="list-style-type: none"> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%

LEI 08.2	Additional information. [Optional]
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The NZ Active Equities portfolio holds only between 20-30 stocks at any one time. Therefore, detailed fundamental research (including detailed ESG research) is done on all stocks in the portfolio. Over time, the team is expanding their research to cover their investible universe (NZX50/ASX at 80%:20% split is permitted).

The NZSF Active NZ Equities has a fully integrated research process to ensure they look at ESG issues, assess, integrate and monitor them as necessary. The team has devised their own Good Practice Research Guide and have a research archive which highlights how ESG information is integrated into research for every company they have done fundamental research on.

They have access to MSCI ESG research on NZX50 companies, ISS voting research and the internal RI team. They provide active input into voting decisions and engage proactively on ESG issues.

As an active member of the New Zealand Corporate Governance Forum, the team is instrumental in the New Zealand market for driving adherence to best practice corporate governance standards.

LEI 09	Mandatory	Public	Core Assessed	PRI 1
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LEI 09.1

Indicate which processes your organisation uses to ensure ESG integration is based on a robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly.
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other, specify
- None of the above

LEI 09.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 09.3

Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.4

Indicate how frequently you review internal research that builds your ESG integration strategy.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.5

Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

LEI 10	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEI 10.1 Indicate which aspects of investment analysis you integrate material ESG information into.

- Economic analysis
- Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Quality of management

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Portfolio weighting

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Sensitivity and/or scenario analysis
- Fair value/fundamental analysis

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%
- Other, specify

LEI 10.2 | Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.

- Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)
- Valuation multiples
- Other adjustments; specify

LEI 10.3 | Describe how you integrate ESG information into portfolio weighting.

We identify and assess ESG factors that are most relevant for companies and evaluate their impact on our financial analysis. The information feeds directly into our view of what would be a fair valuation for the stock. The current and calculated fair value of a stock impacts buy/sell/hold decisions and ultimately the weight of the stock in our portfolio.

LEI 10.4 | Describe the methods you have used to adjust the income forecast / valuation tool

We identify and assess ESG factors that are most relevant for companies and evaluate the impact either in our central valuation or scenario analysis.

Outputs and outcomes

LEI 12	Voluntary	Public	Descriptive	PRI 1
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LEI 12.1 | Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.

- Screening

Describe any reduction in your starting investment universe or other effects.

Currently no NZ companies are listed on our 'ethical' exclusion list, therefore the impact is nil.
 As a result of our Climate Change Investment Strategy, there are two New Zealand companies that we are unable to invest in. One is in the NZX50, the other is not. The percentage reduction listed below refers to the market cap weighting of the one company that is in the NZX50 (at 31 Dec 2018).

Specify the percentage reduction (+/- 5%)

%

1.4

Integration of ESG factors

Select which of these effects followed your ESG integration:

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level
- Overweight/underweight at stock level
- Buy/sell decisions
- Engagement / Voting
- Other, specify
- None of the above

LEI 12.2 Additional information.[Optional]

Our approach is to integrate ESG into long-term fundamental analysis through company research, income forecasts, scenario testing, valuations, buy/sell/hold recommendations, sizing and engagement plans.

New Zealand Superannuation Fund

Reported Information

Public version

Direct - Listed Equity Active Ownership

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Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

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

LEA 01.1

Indicate whether your organisation has an active ownership policy.

Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

URL

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

LEA 01.3

Indicate what your active engagement policy covers:

General approach to active ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Method of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other specify;
- (Proxy) voting approach

Voting

- ESG issues
 - Prioritisation and scope of voting activities
 - Methods of voting
 - Transparency of voting activities
 - Regional voting practice approaches
 - Filing or co-filing resolutions
 - Company dialogue pre/post-vote
 - Decision-making processes
 - Securities lending processes
 - Other specify;
 - Other
 - None of the above
- No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

- Yes

LEA 01.5

Where active ownership activities are conducted by service providers, indicate whether your active ownership policy covers any of the following.

- Outline of service providers role in implementing organisation's active ownership policy
 - Description of considerations included in service provider selection and agreements
 - Identification of key ESG frameworks service providers must follow
 - Outline of information sharing requirements of service providers
 - Description of service provider monitoring processes
 - Other, specify
 - None of the above
- No

LEA 01.6 Additional information [optional]

We have a number of implementation oriented documents that support our ownership policy. These more detailed documents cover, for example, requirements of engagement and voting service providers, reporting on ownership activities and how we prioritise our ownership activities.

Additional information on our ownership activities can be found in our Annual Report and on our website here: <https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/engagement>; and here: <https://www.nzsuperfund.co.nz/performance-esg-management/voting-reports>.

BMO is our engagement service provider. Their approach to engagement is based on constructive and confidential company dialogue and on building a relationship of trust, where, over time, they seek to gain a sound understanding of how companies manage the key ESG issues linked to their activities. BMO encourages improvement in ESG management should they deem existing practices insufficient to respond to ESG risks and/or opportunities. The indicators in LEA 01.5 are part of our contract with BMO but are not explicitly stated in our policy.

Engagement

LEA 02

Mandatory

Public

Core Assessed

PRI 1,2,3

LEA 02.1

Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via service providers

LEA 02.2

Indicate whether your organisation plays a role in the engagement process that your service provider conducts.

Yes

LEA 02.3

Indicate the role(s) you play in engagements that your service provider conducts on your behalf.

- Discuss the topic (or ESG issue(s)) of engagement
- Discuss the rationale for engagement
- Discuss the objectives of the engagement
- Select the companies to be engaged with
- Discuss the frequency/intensity of interactions with companies
- Discuss next steps for engagement activity
- Participate directly in certain engagements with your service provider
- Other; specify
- We play no role in engagements that our service provider conducts.

No

LEA 02.4

Additional information. [Optional]

We carry out our engagement via five avenues: 1) The RI team engages with companies directly; or 2) we engage through collaborative efforts; 3) we employ BMO as a service provider; 4) we require our managers to engage on our behalf, and; 5) The in-house NZ Active Equities Team engages directly with companies in New Zealand.

We work closely with BMO our engagement service provider to ensure our priorities remain aligned. We receive quarterly reports from BMO followed by quarterly calls to discuss topics of engagement, rationale, objectives, progress, and upcoming activities. The progress of BMO's engagement activities versus our engagement priorities is reviewed and discussed every quarter. In addition, annually, we feed into BMO's suggestions for priority companies and projects.

We are also members of ACSI, an association that conducts engagement with Australian companies on ESG issues.

LEA 03**Mandatory****Public****Core Assessed****PRI 2**

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

LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagements.

Yes

LEA 03.2

Indicate the criteria used to identify and prioritise engagements for each type of engagement.

Type of engagement	Criteria used to identify/prioritise engagements
Individual / Internal engagements	<div style="background-color: #0070C0; color: white; padding: 2px; margin-bottom: 5px;">Internal / Individual engagements</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Geography / market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input checked="" type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not outline engagement criteria for our individual engagements.
Collaborative engagements	<div style="background-color: #0070C0; color: white; padding: 2px; margin-bottom: 5px;">Collaborative engagements</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Potential to enhance knowledge of ESG issues from other investors <input checked="" type="checkbox"/> Ability to have greater impact on ESG issues <input type="checkbox"/> Ability to add value to the collaboration <input checked="" type="checkbox"/> Geography/market of the companies targeted by the collaboration <input checked="" type="checkbox"/> Materiality of ESG factors addressed by the collaboration <input type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration <input checked="" type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred <input type="checkbox"/> Responses to divestment pressure <input type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Alleviate the resource burden of engagement <input type="checkbox"/> Consultation with clients/beneficiaries <input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not outline engagement criteria for our collaborative engagements.

Service Provider engagements	Service Provider engagements
	<input checked="" type="checkbox"/> Geography / market of the companies <input checked="" type="checkbox"/> Materiality of ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input type="checkbox"/> Follow-up from voting decision <input type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not outline engagement criteria for our service providers.

No

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 04.1	Indicate whether you define specific objectives for your organisation's engagement activities.
----------	--

Individual / Internal engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff.
Collaborative engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration
Service provider engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by our service providers.

LEA 04.2

Additional information. [Optional]

Internal engagements:

Before deciding to engage, we look at fit with priorities, our capacity to contribute and engage directly with target companies; the potential effectiveness of engagement, and; resources required.

Before undertaking engagement, we put together an engagement plan that provides context and reasoning for the engagement as well as setting performance targets and milestones. Progress of the engagement is recorded and reported quarterly. Monitoring responses (or lack of) is also undertaken quarterly.

In 2017, we evolved our engagement tracking system to better provide indicators of progress.

Engagement may be undertaken by any of the investment staff, including CEO or CIO.

Collaborative engagements:

The collaborative engagements that we choose to join will fit with our priorities, have clear objectives and methodologies for tracking progress. We also have an internal approval process which we need to go through before joining any collaborations.

LEA 05	Mandatory	Public	Core Assessed	PRI 2
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LEA 05.1 Indicate if you monitor and/or review engagement outcomes.

Individual / Internal engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes carried out by our internal staff.
Collaborative engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes via collaborative engagement activities.
Service provider engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in majority of cases <input type="radio"/> Yes, in minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes carried out by our service providers.

LEA 05.2 Indicate if you do any of the following to monitor and review the progress of engagement activities.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on continuous basis <input type="checkbox"/> Other; specify
Collaborative engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on continuous basis <input type="checkbox"/> Other; specify
Service provider engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on continuous basis <input type="checkbox"/> Other; specify

LEA 06	Mandatory	Public	Additional Assessed	PRI 2,4
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LEA 06.1	Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.
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Yes

LEA 06.2	Indicate the escalation strategies used at your organisation following unsuccessful engagements.
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- Collaborating with other investors
- Issuing a public statement
- Filing/submitting a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation
- Reducing exposure (size of holdings)
- Divestment
- Other, specify

No

LEA 06.3 Additional information. [Optional]

We also have a defined methodology which underpins decisions for placing a company into escalation mode.

LEA 07	Voluntary	Public	Additional Assessed	PRI 1,2
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LEA 07.1 Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Service provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 07.2 Indicate the practices used to ensure information and insights collected through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing engagement programme
- Holding investment team meetings and/or presentations
- Using IT platforms/systems that enable data sharing
- Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Other; specify
- None

LEA 07.3 Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Service provider engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 07.4 Additional information. [Optional]

The insights gained from our direct, collaborative and service provider engagements are shared with our internal investment managers and staff.

Our NZ engagement tracker document, our global engagement progress and the quarterly reports from our service provider are made available to all staff via our intranet. Engagement progress is also presented to the Investment Committee on a six monthly basis.

Insights from our direct engagements are also shared, in confidence, with our engagement service provider. A standing item on the agenda of our quarterly calls with BMO is an update on the direct engagements we are undertaking as well as the collaborative engagements we are both involved in. We recognise the importance of keeping BMO informed of our direct engagement activities.

We provide an Engagement Table in our Annual Report where we describe the types of ESG issues we are engaging on, the industries involved, objectives of engagements, the number of companies involved and any outcomes and achievements.

LEA 08 **Mandatory** **Public** **Gateway** **PRI 2**

LEA 08.1 Indicate if you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Service provider engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track

LEA 08.2

Additional information. [OPTIONAL]

Engagement progress of companies on our Global Engagement Focus List (direct, collaborative and service provider engagement) is tracked quarterly via a dashboard update. Included in the dashboard is:

1. Summary of engagement undertaken (per company on our Focus List)
2. Company response (or lack of)
3. Milestones
4. Any companies being escalated for lack of response or lack of recorded milestones
5. Resolved / Closed engagements

New Zealand engagement progress is monitored via a tracking system. Dialogue, requests made, progress and voting implications are all recorded.

(Proxy) voting and shareholder resolutions**LEA 12****Mandatory****Public****Descriptive****PRI 2****LEA 12.1**

Indicate how you typically make your (proxy) voting decisions.

Approach

- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service provider(s) who make voting recommendations and/or provide research that we use to guide our voting decisions.

Based on

- the service provider voting policy we sign off on
- our own voting policy
- our clients' requests or policies
- other, explain
- We hire service provider(s) who make voting decisions on our behalf, except for some pre-defined scenarios where we review and make voting decisions.
- We hire service provider(s) who make voting decisions on our behalf.

LEA 12.2

Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

In 2018, we bought our (global) voting in-house. Previously, our managers voted according to their own policy, except for in New Zealand where we made the voting decisions ourselves.

We have developed a customised voting policy which consists predominantly of the ISS Public Fund Policy, combined with some customised cases. More information is available here:

https://www.nzsuperfund.nz/sites/default/files/documents-sys/NZ_Superfund_Voting_Policy_-_Website.pdf

We use the ISS Global Proxy Exchange Platform to implement our voting decisions. For global voting, we automate the voting via the ISS platform to run against the Customised Policy but we have the ability to override these instructions. We monitor voting and report six-monthly to the Investment Committee and publicly.

LEA 12.3	Additional information.[Optional]
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For New Zealand mandates, we take recommendations from our internal and external NZ managers as part of the making the final voting decision and instruct this directly through Proxy Exchange. We also use ISS's research and recommendations to inform our decisions.

LEA 14	Voluntary	Public	Additional Assessed	PRI 2
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LEA 14.1	Indicate if your organisation has a securities lending programme.
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Yes

LEA 14.3	Indicate how voting is addressed in your securities lending programme.
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- We recall all securities for voting on all ballot items
- We maintain some holdings, so we can vote at any time
- We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)
- We recall some securities so that we can vote on their ballot items on an ad hoc basis
- We empower our securities lending agent to decide when to recall securities for voting purposes
- We do not recall our shares for voting purposes
- Other specify;
- No

LEA 14.4	Additional information.
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Recall criteria include: Significant holdings, companies on our Engagement Focus List, and meetings where there are contentions M&A or climate change related proposals.

LEA 15	Mandatory	Public	Descriptive	PRI 2
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LEA 15.1	Indicate the proportion of votes where you or the service providers acting on your behalf have raised concerns with companies ahead of voting.
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- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2 Indicate the reasons for raising your concerns with these companies ahead of voting.

- Vote(s) for selected markets
- Vote(s) for selected sectors
- Vote(s) relating to certain ESG issues
- Vote(s) on companies exposed to controversy on specific ESG issues
- Vote(s) for significant shareholdings
- On request by clients
- Other

LEA 15.3 Additional information. [Optional]

We publish our policy on our website. In the New Zealand market, we aim to inform companies of voting decisions pre and/or post AGM if we vote against a resolution. We note the percentage is less than 1% of our global portfolio, but not zero.

External investment managers also engage with companies about their policies and voting decisions and provide feedback to us through reporting and/or recommendations.

Sometimes, due to short notice periods in the New Zealand market, if companies release notices too close to the AGM, it is difficult to engage before the vote is taken.

LEA 16

Mandatory

Public

Core Assessed

PRI 2

LEA 16.1 Indicate the proportion of votes participated in within the reporting year in which, you and/or the service provider(s) acting on your behalf, have communicated to companies the rationale for abstaining or voting against management recommendations.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers do not abstain or vote against management recommendations

LEA 16.2 Indicate the reasons your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.

- Votes for selected markets
- Votes for selected sectors
- Votes relating to certain ESG issues
- Votes on companies exposed to controversy on specific ESG issues
- Votes for significant shareholdings
- On request by clients
- Other

LEA 16.3 In cases where your organisation does communicate the rationale for the abstention or the vote against management recommendations, indicate whether this rationale is made public.

- Yes
- No

LEA 16.4 Additional information. [Optional]

Beginning in 2019, we will be making all voting decisions public.

LEA 17	Mandatory	Public	Core Assessed	PRI 2
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LEA 17.1 For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information

Votes cast (to the nearest 1%)

%

97.8

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

LEA 17.2 Explain your reason(s) for not voting on certain holdings

- Shares were blocked
- Notice, ballots or materials not received in time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- Client request
- Other

LEA 18	Voluntary	Public	Additional Assessed	PRI 2
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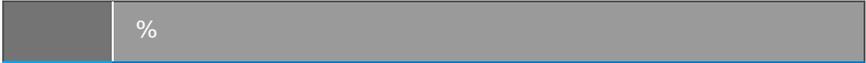
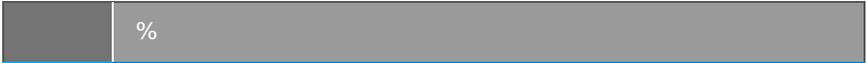
LEA 18.1

Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued.

Yes, we track this information

LEA 18.2

Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 83.7
Against (opposing) management recommendations	 13.7
Abstentions	 2.6

100%

No, we do not track this information

LEA 18.3

In cases where your organisation voted against management recommendations, indicate the percentage of companies you have engaged.

0.001

LEA 18.4

Additional information. [Optional]

We proactively disclose information on our voting activities on our website biannually, See <https://www.nzsuperfund.co.nz/performance-esg-management/voting-reports>.

In 2019, we began publicly disclosing all our voting decisions.

We tend to engage with companies on the reason why we vote against resolutions if they are located in our domestic market. Given this is such a small percentage of the global portfolio, the percentage for the number of companies is negligible. However, the impact of this engagement within the New Zealand market is significant.

In New Zealand, we engaged with 2 companies where we decided to vote against a resolution at their AGM and our External Managers engaged with 3 companies on the item we decide to vote against at their AGMs.

We engaged with a number of other companies prior to their AGMs on items where we did not vote against but required further explanation.

Abstentions include votes where a choice has been made for example between several options e.g. select a 1 or 2 or 3 year proposal for say-on-pay votes in the US.

For the purposes of the statistics above we include Did Not Votes in the Abstentions (2.6%).

We also note that our proxy research provider may also engage with companies in advance of AGMs when they are considering recommending voting against a resolution.

LEA 19	Mandatory	Public	Core Assessed	PRI 2
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LEA 19.1 Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

- Yes
- No

LEA 19.2 Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.

- Contacting the company's board
- Contacting the company's senior management
- Issuing a public statement explaining the rationale
- Initiating individual/collaborative engagement
- Directing service providers to engage
- Reducing exposure (holdings) / divestment
- Other

LEA 19.3 Additional information. [Optional]

Either directly or through our managers we engage with companies on the issue that led to the vote against. Sometimes we may engage with a company, support a company and escalate to a vote against when we see no improvement.

Poor governance is integrated into our managers' view of the investment attractiveness of the company - and may contribute to an underweight position or decision not to invest.