

NZAS RETIREMENT FUND RESPONSIBLE INVESTMENT POLICY

Investment Beliefs

The Trustee believes that a set of well-founded investment beliefs provides a sound foundation for investment success. One of the Trustee's investment beliefs is that a responsible investment approach, which considers the integration of environmental, social and governance (ESG) factors into investment decision-making, can help to identify opportunities and risks, resulting in better risk-adjusted financial outcomes over time.

Investment Approach

Reflecting the investment beliefs contained in the Trustee's Statement of Investment Policy and Objectives, sector specialist Underlying Fund Managers will be preferred. The extent to which fund managers integrate ESG factors into their investment processes is considered when selecting and reviewing Underlying Fund Managers.

Responsible Investment Policy

The Trustee is committed to considering ESG factors as part of its investment decision making process. However, it has determined that investing through commingled funds offered by professional investment managers is the most practical and efficient way of delivering desired investment outcomes to members (a "commingled" fund is one which consists of assets combined from multiple investors).

Accordingly, on an operational basis the Trustee recognises that it has no direct influence over either:

- the individual investments held (or excluded) by; or
- the investment policies, voting decisions or engagement activities of;

the underlying investment managers whom it chooses as Underlying Fund Managers.

Rather, the Trustee's influence is primarily one of assessing and engaging with investment managers and deciding whether or not to add or remove Underlying Fund Managers or particular managed investment funds.

Reflecting this, when considering whether to initiate or retain an investment in a managed investment fund, the Trustee takes into consideration the extent to which the manager of that fund:

- incorporates responsible investment practices and ESG considerations into its business and investment processes; and
- invests in a manner that is in line with (or contrary to) the Trustee's policy and beliefs.

At a minimum, the Trustee aims to avoid, where practical, investment in companies whose activities are contrary to the intent of New Zealand legislation or various international agreements to which New Zealand is a signatory.

These activities currently include the manufacture of:

- cluster munitions;
- anti-personnel mines;
- nuclear explosive devices; or
- tobacco products.

The Trustee recognises that Responsible Investment is an area that is constantly evolving. The Trustee aims to keep abreast of product and market developments through its interactions with its Underlying Fund Managers and will review this policy annually as part of the regular SIPO review.

This Responsible Investment Policy must be implemented consistently at all times with the Trustee's fiduciary duty to invest prudently in pursuit of its investment performance objectives.

Underlying Fund Manager Selection

The Trustee focuses on selecting Underlying Fund Managers who are specialists within their particular investment markets and who the Trustee considers have demonstrated capability and conviction in portfolio construction and the execution of investment strategies. The Trustee seeks advice from its Investment Consultant as to suitable Underlying Fund Managers for appointment.

The Trustee will take this Responsible Investment Policy into account when selecting Underlying Fund Managers and when reviewing whether or not to add or remove Underlying Fund Managers or particular managed investment funds.