

Independent Limited Assurance Report to the management of the Guardians of the New Zealand Superannuation Fund

Conclusion

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, we have not become aware of any matter that would lead us to believe that the Selected Non-Financial Disclosures present in the 2019 UN PRI submission have not, in all material respects, been prepared in accordance with of UN PRI Framework for the period 1 January 2018 to 31 December 2018.

Information subject to assurance

We have performed an engagement to provide limited assurance in relation to the Guardians of the New Zealand Superannuation Fund ("the Guardians") Selected Non-Financial Disclosures present in the 2019 UN PRI submission ("Selected Non-Financial Disclosures") for the period 1 January 2018 to 31 December 2018.

Criteria

The Selected Non-Financial Disclosures are the 'prioritised indicators' contained within the UN PRI's 'Introducing Confidence-Building Measures to PRI Signatories' (published in April 2018) applicable to the Guardians ("the prioritised indicators") and are set out below:

ORGANISATIONAL OVERVIEW:

- asset volume (OO 4.2)
- asset class allocation (OO 5.1 and OO 7.1)
- breakdown of externally managed assets in segregated mandates and pooled funds (OO 8.1)
- implementation of active ownership activities in listed assets (OO 10.1)
- implementation of ESG incorporation activities in all assets (OO 11.1 and OO 11.2)
- breakdown of listed assets in active and passive investments (OO LEI 1.1, OO FI 1.1, OO SAM 1.1, OO INF 1.1)
- asset-class characteristics (OO PR 1.1 and OO PE 1.1)

STRATEGY AND GOVERNANCE:

- existence of RI approach/policy and if publicly available (SG 1.1, SG 2.1 and SG 2.3)
- disclosure of asset class specific RI information to clients and public (SG 19.1)
- objective setting (SG 5.1, SG 5.2 and SG 6.1)
- ESG trends inclusion in scenario analysis (SG 13.1)
- asset allocation to environmental and social themed areas (SG 15.2, SG 15.3)

ESG INCORPORATION & ACTIVE OWNERSHIP OF LISTED AND NON-LISTED ASSETS:

- AUM covered by different ESG incorporation strategies (LEI 1.1)
- engagement policy (LEA 1.1 and LEA 9.1)
- voting policy and data (LEA 17.1 and LEA 20.1)

Please note that indicators LEA 1.1 (previously LEA 15.1), LEA 9.1 (previously LEA 11.1), LEA 17.1 (previously LEA 21.1), LEA 20.1 (previously LEA 23.1) have been amended in the 2019 PRI submission since the 'Introducing Confidence-Building Measures to PRI Signatories' (published in April 2018) was published.

Standards we followed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with that standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the Selected Non-Financial Disclosures are free from material misstatement, whether due to fraud or error
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Restriction of distribution and use

Our report should not be regarded as suitable to be used or relied on by any parties other than the Guardians for any purpose or in any context. Any party other than the Guardians who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Guardians for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Guardians on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Guardian's own internal purposes) or in part, without our prior written consent.

The Guardians responsibility for the Selected Non-Financial Disclosures

The Guardians are responsible for the preparation and fair presentation of the Selected Non-Financial Disclosures in accordance with the UN PRI Framework. This responsibility includes such internal control as the directors determine is necessary to enable the preparation of the Selected Non-Financial Disclosures that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion to the directors on the preparation and presentation of the 2019 Selected Non-Financial Disclosures in accordance with the UN PRI Framework.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided risk management, cyber security and tax services to the Guardians. Subject to certain restrictions, partners and employees of our firm may also deal with the Guardians on normal terms within the ordinary course of trading activities of the business of the Guardians. These matters have not impaired our independence as assurance providers of the Guardians for this engagement. The firm has no other relationship with, or interest in, the Guardians.



KPMG
Auckland

28th March 2019