

Responsible investment policy

Purpose

1. NZ Funds has adopted this policy to help ensure it invests in a responsible manner and does not invest in any controversial weapons prohibited under New Zealand law.

Scope

1. The policy applies to NZ Funds' Investments team.

Principles

1. Investments' research and investment management shall include consideration of environmental, social and governance (ESG) matters.
2. NZ Funds shall contract a third party to provide ESG research. Investments may supplement this ESG research with its own.
3. Investments shall ensure that no fund it manages owns securities issued by any company identified by its ESG research to be:
 - directly involved in the manufacture or deployment of controversial weapons;
 - materially contravening global norms;
 - a producer of tobacco related products; or
 - engaged in unsustainable palm oil production.
4. Investments will ensure that it is communicated to each external investment manager appointed to manage a discrete mandate that it must invest in accordance with clause 3 above.
5. Investments will communicate to each external investment manager appointed to manage a non-discrete (or pooled) mandate that it is NZ Funds' wish for it to invest in accordance with clause 3 above, but that NZ Funds cannot obligate it to do so.
6. Any exemption to this policy must not be unlawful and must be approved by the CIO, Head of Risk, CE and a Director who is not also a member of Investments.