

The Authority's Responsible Investment policies are contained in section 8 of the Statement of Investment Policies Standard and Procedures (SIPSP). Section 8.3 describes the procedures by which the Authority implements its Responsible Investment policies based on research obtained with the assistance of the Guardians of New Zealand Superannuation.

## **EXCLUDED INVESTMENTS**

The Authority has excluded direct investment in certain activities considered to contravene its Responsible Investment policies as set out hereunder. The list of entities currently excluded, published on the Authority's website, is updated regularly.

### **Cluster Munitions**

Active involvement in the development or production of cluster munitions, which is incompatible with the (Oslo) Convention on Cluster Munitions 2008, to which New Zealand is a party, and which is illegal under the Cluster Munitions Prohibition Act 2009.

### **Nuclear Explosive Devices (NEDs)**

Active involvement in the manufacture or testing of NEDs and/or management of facilities used to assemble or refurbish them, which is inconsistent with the Treaty on Non-Proliferation of Nuclear Weapons and the Nuclear Free Zone, Disarmament and Arms Control Act 1987.

### **Anti-Personnel Mines**

Active involvement in the development and production of anti-personnel mines, which is incompatible with the (Ottawa) Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines, 1997, to which New Zealand is a party.

### **Tobacco**

Active involvement in the production of tobacco or tobacco products, which is inconsistent with the World Health Organisation Framework Convention on Tobacco Control, to which New Zealand is a party, and the New Zealand Government's anti-smoking laws. The exclusion covers companies comprising the MSCI World Equity Index Global Industry Classification Standard for Tobacco.

### **Whaling**

Whaling and the production of whale meat, which is incompatible with the protection of whales in New Zealand's Exclusive Economic Zone and the New Zealand Government's support of the 1986 international moratorium on commercial whaling.

## **Other Exclusions**

Serious infringement of relevant international standards or agreements relating to human rights, labour and employment, environmental damage, bribery and corruption, international security and disarmament.

The Authority may also exclude investments for severe breaches of the Authority's Responsible Investment standards where engagement with the entity was unlikely to be effective.

## **Investment in Collective Investment Vehicles (CIVs)**

Investment in CIVs may be a practicable and cost effective way of achieving exposure to some investment opportunities. The Authority usually has little influence, however, over the structure of the CIV, the individual securities it holds or its individual voting decisions. In applying the Responsible Investment policies to a CIV, the Authority assesses value to the Fund of the CIV as a whole rather than each security it may hold. The Authority takes into account a CIV's approach to responsible investment issues, communicates its own Responsible Investment policies to managers of CIVs in which it invests and encourages them to consider whether its policies are appropriate for the CIV. In addition, the Authority may review its investment if there is a material change in its mandate or strategy.