

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

Teams video conference

Date

Tuesday, 14 February 2023 commencing at 1.00 pm

PRESENT

Edward Schuck (Chair) *
Louise Edwards*
Graham Ansell*
Tracey Berry*
Lloyd Kavanagh*
Michelle Tsui*

IN ATTENDANCE

Tim Mitchell, CE
Ireen Muir (for secretariat function)
S9(2)(a) (for item 5)
Fiona Morgan (for items 6.1 and 6.2)
Hadyn Hunt (for items 6.3 and 6.4)
S9(2)(a) Peter McCaffrey, Sean Wakelin, S9(2)(a)
S9(2)(a), and Lawrence Young (for item 3.3 and 4) (Investments Team)

Guests:

Treasury – S9(2)(a) * (Manager, Commercial Performance and Governance: Investment) and S9(2)(a) * (Senior Analyst, CPG: Investment), for item 3.2.

APOLOGIES

Sarah Park

* Denotes participants joined the meeting via MS Teams.

BOARD ONLY TIME

The Board met initially with the CE. Discussion centered primarily around the draft AML strategic plan (see item 2.4). The Board **NOTED** and **ENDORSED** the CE's proposal t^{S9(2)(g)(i)}

SPECIFIC INTERESTS

All Board members confirmed there were no specific interests to declare.

1. MINUTES OF THE BOARD MEETINGS

1.1 Board Meeting Minutes

The Board **APPROVED** the minutes of the Board meeting held on 8 December 2022.

2. ADMINISTRATION

2.1 Interests Register

The Board **NOTED** the Interests Register and **REQUESTED** the Interest Register be updated to record the following changes:

- a) **S9(2)(a)** – record termination of interest in **S9(2)(a)**.
- b) **S9(2)(a)** - record termination of interest in **S9(2)(a)**.

2.2 Matters Arising

The Board **NOTED** the Matters Arising and there were no comments.

2.3 Long Term Work Plan

The Board:

- a) **NOTED** and **DISCUSSED** the Long Term Work Plan.
- b) **NOTED** the March Board meeting is scheduled to consider amongst other matters, the NPF Budget and the refreshed Capital Markets Assumptions, and afford an opportunity for the Board to meet representatives of Datacom (Scheme Administrator).
- c) **RECEIVED** an update from the CE that as part of the strategic priorities and initiatives referenced in the CE Report in item 2.4, the frequency of Board meetings would be reviewed for greater alignment with GSFA's Board meetings, potentially reduced to longer quarterly meetings supplemented by single purpose meetings (as required) with consequential changes to the workplan.
- d) **REQUESTED** draft plans for meetings and a revised workplan be submitted to the Board in due course and that all options be considered where practical, including those noted below, provided legal obligations continue to be met and members' interests and concerns continue to be addressed appropriately:
 - i) Potential for joint meetings with the GSFA Board and Investment Committee for presentations and common interest discussions.
 - ii) Delegation of quarterly investments reporting to the Investment Committee

2.4 Chief Executive's Report

The Board:

- a) **NOTED** the report.
- b) **NOTED** the Preliminary Plan put forward by the CE marked as Appendix 1 had been discussed in Board-only time with CE.
- c) **DISCUSSED** staff developments and **RECEIVED** verbal update from CE that the recruitment for a replacement General Manager Investment is scheduled for discussion at the next Annuitas Management Limited ('Annuitas') board meeting, and confirmation from CE that Annuitas remains comfortable that despite staff changes, it can continue to deliver on Board's expectations on the basis that:
 - (i) The CE will act in an interim General Manager Investment role.
 - (ii) Investments are structured so that day-to-day activities can be managed effectively.
 - (iii) There is potential to seek expertise from strategic partners.
- d) **NOTED** the Health and Safety Update and the dashboard included in the CE Report.

3. KEY PAPERS

3.1 Minister of Finance - Annual Letter of Expectations

The Board:

- a) **DISCUSSED** the Minister of Finance's Annual Letter of Expectations and the draft response and **REQUESTED** the following comments be taken into consideration in a redraft to be provided to the Chair:
- (i) Consider wording relating to Russian Sanctions and include confirmation that the Board takes it responsibility for compliance seriously.
 - (ii) Under paragraph headed "Crown Risk" reconsider wording in relation to employer interest being considered and reflect wording of S59A of the NPF legislation.
 - (iii) Under paragraph headed "Crown Risk" with respect to "consultation if there is a material change" consider setting expectation on what is meant by material change.
 - (iv) With respect to responsible investing include confirmation that the Board remains mindful of its responsibilities to members.
 - (v) Review wording relating to use of derivatives.
- b) **AUTHORISED** the Chair to finalise the response.

3.2 Treasury Attendance

The Board:

- a) **DISCUSSED** and **NOTED** the background paper.

S9(2)(a) from Treasury joined the meeting.

- b) **WELCOMED** **S9(2)(a)** to the meeting.
- c) **DISCUSSED** the following matters with the Treasury attendees:
- (i) Revised structure of Treasury team.
 - (ii) Treasury's priorities to be discussed with CE, namely, investment performance acknowledging market volatility, personnel changes including continuity and succession planning, and potential future consolidation of small schemes.
 - (iii) Treasury's expectations that the Board would continue to act in the best interest of members, in accordance with legislative obligations and as a Crown associated entity take into consideration key matters such as responsible investing.
 - (iv) Treasury's role as a monitoring agent and adviser to the Minister of Finance, and while it does not set investment risk appetite, there is an expectation that the Board would continue to take a prudent and responsible approach.
 - (v) **S9(2)(g)(i)**
- d) **THANKED** **S9(2)(a)** for their attendance and input.

S9(2)(a) left the meeting.

S9(2)(a) and the Investments Team joined the meeting.

The Board:

- a) **WELCOMED** **S9(2)(a)** to the Investments Team.
- b) **CONGRATULATED** **S9(2)(a)** on passing his CFA Level 2 examination.

3.3 C Fund Manager – Appointment of **S9(2)(i)**

The Board:

- a) **DISCUSSED** the paper and **REQUESTED** the paper be redrafted to address comments below and presented to the Board by circulation.

- (i) **S9(2)(i)**
[Redacted]

- (ii) **S9(2)(i)**
[Redacted]

- (iii) **S9(2)(i)**
[Redacted]

- (iv) **S9(2)(i)**
[Redacted]

- (v) Does the proposed trust deed amendment limit investment into a managed investment scheme or can direct investments continue to be undertaken?

- b) **NOTED** that the proposed trust deed amendment is for the Global Asset Trust only and no changes are required to any of the other scheme trust deeds.

4. INVESTMENTS

4.1 Quarterly Investment Review

The Board:

- a) **NOTED** the report and **RECEIVED** a verbal update from Management:

- (i) The funds have outperformed against benchmarks with equities sector delivering approx. **S9(2)(i)** outperformance.

- (ii) The DAA added value prior to the DAA position being closed out.

- (iii) The funds overall gained a **S9(2)(i)** return in January 2023 with YTD results estimated at **S9(2)(i)**.

- b) **REQUESTED** Management for future reports consider either combining the performance results for **S9(2)(i)** or reporting it as a separate line item.

- c) **S9(2)(i)**
[Redacted]

- d) **REQUESTED** Management consider whether the cumulative return in return charts is required in future reports.

4.2 Investment Update

The Board **NOTED** the report and **RECEIVED** a verbal update from Management that the DAA data is continuously maintained even though the DAA positions have been closed out, to enable DAA to be reinstated at a future date.

4.3 Treasury Report to Minister of Finance

The Board:

- a) **NOTED** and **DISCUSSED** the draft of the Treasury's regular report to the Minister of Finance summarising NPF's investment progress and fiscal risk to the Crown.
- b) **NOTED** the input Management have had in developing this report in conjunction with Treasury.

4.4 Review of Custodian and Other Fund Services

The Board:

- a) **DISCUSSED** and **NOTED** the report.
- b) **NOTED** Management's confirmation that securities lending is secured by overnight Repos and indemnities, and that any revenue generated is allocated to the relevant funds.
- c) **REQUESTED** Management consider and report back through usual Board papers the Schemes' costs associated with the internal changes required to meet the Custodian's systems change, with a view to minimising the Schemes' cost and effort.

4.5 Investment Managers ESG Integration

The Board:

- a) **NOTED** that an annual survey for external investment managers about how they integrate Environmental Social and Governance (ESG) considerations into their investment process has not been undertaken for 2022 because manager ESG ratings are received from consultants, Russell and Mercer, and managers are self-reporting their ESG activity.
- b) **NOTED** the paper describing the consultant's processes and their scores for each manager, including the summary of each manager's ESG integration style.
- c) **RECEIVED** verbal update from Management that that:
- (i) Reporting to Minister of Finance on NPF's carbon footprint is currently limited to global public equities.
 - (ii) ESG Ratings are broad estimates only and not necessarily the same as those used by other Crown Financial Institutions as they don't use the same sources.
 - (iii) The research outlined in the paper provides an understanding of investment managers' ESG commitments and drives engagement with them, but further direction may be required in future from the Board on its expectations.
 - (iv) The evidence on the relationship between ESG scores and investment returns is not robust and is inconclusive.

4.6 Responsible Investment Update Q4 2022

The Board:

- a) **DISCUSSED** and **NOTED** the report.
- b) **RECEIVED** an update from Management on carbon metrics for S9(2)(i) [REDACTED]:

S9(2)(i) [REDACTED]	S9(2)(i) [REDACTED]	S9(2)(i) [REDACTED]
S9(2)(i) [REDACTED]	S9(2)(i) [REDACTED]	S9(2)(i) [REDACTED]

- c) S9(2)(i) [REDACTED]
- d) **APPROVED** the publishing of 2022 proxy voting statistics on the website and all new proxy voting statistics 6-monthly starting June 2023.

4.7 Climate Change Engagement Project

The Board:

- a) **NOTED** the CFI climate change engagement project.
- b) **APPROVED** the use of Appendix 1 (CFIs and NPF joint position statement for publishing on each of their websites) and Appendix 2 (letter being sent to the chairs of companies listed on the NZX50 drawing attention to the position statement).

5. SCHEMES

5.1 Schemes Update

The Board:

- a) **RECEIVED** a verbal update from Management as follows:

- (i) S9(2)(i) [REDACTED]
- (ii) S9(2)(i) [REDACTED]

- b) **REQUESTED** the vulnerable customers paper be loaded on Diligent resources site.
- c) **DISCUSSED** unclaimed monies and **REQUESTED** a paper on unclaimed monies addressing legislative requirements and what actions are taken (further to the explanations provided previously on extinguished liabilities in the 12 December 2022 Board papers).

5.2 Schemes Update -Metrics

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **NOTED** the metrics now include the estimated dollar value for end-of-life of the DBPC Scheme.
- c) **RECEIVED** verbal update from Management that NPPS' funding level as of 15 February 2023 was approximately S9(2)(i).

- d) **REQUESTED** the preamble on the cover page be removed.
- e) **NOTED** the schemes' membership metrics had been accidentally omitted and **REQUESTED** the metrics continue to be included.

6. FINANCE & RISK

6.1 Scheme Results to 31 December 2022

The Board **NOTED** the report incorporating the Scheme Financial Statements for the nine months to 31 December 2022.

6.2 Board and Board Reserves – Financial Statements to 31 December 2022

The Board:

- a) **NOTED** the financial information for the Board of Trustees for the nine months to 31 December 2022.
- b) **NOTED** the financial information for the Board Reserves for the nine months to 31 December 2022.
- c) S9(2)(g)(i) [REDACTED]
- d) S9(2)(g)(i) [REDACTED]

6.3 Risk Profile and Risk Register

The Board:

- a) **DISCUSSED** and **APPROVED** the current Key Risk Profile and Key Risk Register.
- b) **NOTED** Management is preparing a paper on emerging risks and **REQUESTED** the first draft be provided to S9(2)(a) [REDACTED] for comment.

6.4 Acceptable Conduct Declaration

The Board **CONFIRMED** that Board members will **SIGN** the Acceptable Conduct Policy declaration via Diligent.

7. DELEGATED DECISIONS

7.1 Use of Common Seal

The Board **NOTED** the report.

7.2 Documents signed on behalf of the Board

The Board **NOTED** the report.

7.3 Management decisions made under delegated authority

The Board **NOTED** the report.

8. OTHER BUSINESS

- a) The CE advised that a brief survey would be sent to Board members to seek feedback on key papers and quality of discussion.
- b) There being no other business, the meeting finished at 4.46 pm.

NEXT MEETING: The next meeting of the Board will be held in Wellington and is *currently scheduled (subject to confirmation) for Wednesday, 29 March 2023 commencing at 9.30 am.*

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

By circulation

Date

23 February 2023

PRESENT

Edward Schuck (Chair)
Sarah Park (Deputy Chair)
Graham Ansell
Louise Edwards
Tracey Berry
Lloyd Kavanagh

APOLOGIES

Nil

CASH UNIT FUND – PROPOSED S9(2)(i)

1. The Board **RECEIVED** a paper from Management covering the following:

- (i) DBP Contributors Scheme is the only scheme investing in the NPF Cash Fund which in turn invests into the Macquarie Asset Management CASH AIF D Unit Trust (Macquarie Cash Fund).
- (ii) S9(2)(i)
- (iii) S9(2)(i)
- (iv) S9(2)(i)
- (v) Additional alternative options for managing cash will be considered at a later date.

2. The Board:

- (i) S9(2)(i)
- (ii) **AGREED** to the cash being held at the custodian, JPMorgan.
- (iii) **NOTED** additional alternative options for managing cash will be considered at a later date.

Ireen Muir,
Manager Schemes

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

Teams video conference and Level 12

Date

Wednesday, 29 March 2023 commencing at 9.40 am.

PRESENT

Edward Schuck (Chair) *
Louise Edwards*
Graham Ansell*
Tracey Berry
Lloyd Kavanagh*
Michelle Tsui*

IN ATTENDANCE

Tim Mitchell, CE
Ireen Muir (for secretariat function)
S9(2)(a) (for item 3.4)
Fiona Morgan* (for item 3.3)
S9(2)(a) (for items 3.1 and 3.2)

Guests:

Christine Ormrod, Actuary, PWC for item 3.4.

APOLOGIES

Sarah Park

* Denotes participants joined the meeting via MS Teams.

BOARD ONLY TIME

The Board met initially with the CE. Discussion centered around the following topics: staff issues within Annuitas, particularly recruiting for the CIO and Manager Asset Allocation roles; ensuring the Board would continue to have visibility on important issues, both at an NPF and AML level, in the period between planned quarterly meetings; and, assurance that investment portfolio oversight would continue, particularly during the interim period before a new CIO and Manager Asset Allocation are appointed.

SPECIFIC INTERESTS

All Board members confirmed there were no specific interests to declare.

1. MINUTES OF THE BOARD MEETINGS

1.1 Board Meeting Minutes

The Board **APPROVED** the minutes of the Board meetings held on 14 February 2023 and by circulation on 23 February 2023.

2. ADMINISTRATION

2.1 Interests Register

The Board **NOTED** the Interests Register and no changes were requested.

2.2 Revised Work Plan

The Board:

- a) **AGREED** to the revised Board workplan including timing of 2023 meetings and **REQUESTED** the December 2023 placeholder for a Board meeting be retained.
- b) **REQUESTED** confirmation on which Board committee would consider the climaterelated disclosures.
- c) **NOTED** that the CEO would investigate the feasibility of providing monthly updates on investments and scheme metrics on Diligent for the months outside of the scheduled quarterly Board meeting.
- d) **NOTED** that time critical matters would continue to be subject to papers by circulation.

3. KEY PAPERS

3.1 Capital Market Assumptions

The Board:

- a) **DISCUSSED** the paper and **RECEIVED** verbal update from S9(2)(a) as follows:
 - (i) The methodology for deriving the estimates is as per that approved in 2019.
 - (ii) Asset class returns have previously been compared against annual Horizon survey results, but the survey data is as of January, published in August and used by Annuitas the following year. The time lag therefore makes it less useful for comparison. With the significant increase in bond yields this year, the returns have also been compared against more recent forecasts from a range of providers.
 - (iii) Annuitas' New Zealand equity return estimates are lower than S9(2)(i) S9(2)(i). While the details of S9(2)(i) methodology for estimating return is not known, the difference is likely due to their inflation rate expectations being higher than the RBNZ's expectation which is required to be used by Annuitas.
 - (iv) The New Zealand equity market assumptions do not drive asset allocation strategies and the schemes' exposure to New Zealand equities is already constrained.
 - (v) Returns shown are nominal (not real) and New Zealand bond returns are close to current hedged global returns.
- b) S9(2)(i)
- c) **REQUESTED** clarification of the 10-year expected returns for global equities before tax as shown on page 3 of the paper compared to that shown in Appendix 3.
- d) **NOTED** the Annuitas Capital Market Assumptions as of 31 December 2022.
- e) **NOTED** the Annuitas Capital Market Assumptions will be shared with the Actuary and Russell Investments.

3.2 Low carbon Constraints NZ Equity Managers

The Board:

- a) **DISCUSSED** the paper and **RECEIVED** additional verbal update from S9(2)(a) as follows:
 - (i) The investment managers have already been decarbonising the portfolio. The global asset managers already have constraints in place with respect to carbon intensity

and these constraints are being extended to underlying New Zealand equity managers.

(ii) S9(2)(i)

(iii) S9(2)(g)(i)

(iv) S9(2)(i)

- b) **NOTED** the balancing of duties to members with respect to returns and the goals to reduce carbon intensity, and that currently we are able to deliver on carbon emission goals without compromising member returns materially.
- c) **REQUESTED**, the impact of the carbon intensity cap on the returns and investment managers' decisions on stock selection be continuously monitored.
- d) **APPROVED** and **DELEGATED** two Board members (Mr. Schuck and Ms. Berry) to have their electronic signatures affixed to the letter to modify each of the Investment Management Agreements with S9(2)(i), requiring them to reduce the carbon intensity of their investment portfolios progressively S9(2)(i) and to report progress against that objective quarterly.
- e) **NOTED** the current projection of the constraints on S9(2)(i) S9(2)(i) are expected to result in the global equity portfolio's carbon intensity reducing by two-thirds by June 2025 and that it has almost halved already.
- f) **THANKED** S9(2)(a) for his long service of over 18 years to the Board, for sharing his deep understanding and expertise in investment management and **WISHED** him well for his future.

S9(2)(a) left the meeting.

3.3 NPF Budget

The Board:

- a) **REVIEWED** and **DISCUSSED** the proposed budget for the year to 31 March 2024.
- b) **RECEIVED** a verbal update from S9(2)(a) as follows:
- (i) Investment fees are impacted by investment performance and can be difficult to estimate and budget.
 - (ii) Custodial fees include transaction and settlement costs, and the number of transactions can only be estimated. Other costs include futures fees which are also estimated.
 - (iii) Professional fees include accounting, audit, legal, actuarial and investment consulting. Extra allowances have been made for one-off additional services to be provided by the Actuary and investment consultant.

- (iv) Capex includes costs associated with a new photocopier, six new laptops, six docking stations and new screens as required. The new laptops will be of higher specifications to allow for future proofing and higher spec software if required.
- (v) Allowance has been made for upgrades to PIMS of a maintenance and operational nature which had been allowed for previously but was not utilised. The allowance does not include replacement.

(vi) S9(2)(i)

[REDACTED]

- c) **NOTED** that while personnel (and associated) costs are for AML to manage, any material impact on NPF would be considered and brought to the attention of the Board.
- d) **APPROVED** the Gross Expense Budget of \$11.236 million and a Capital Budget of \$40,000 for the year to 31 March 2024.

3.4 Aircrew and DBP Contributors Schemes – Allowance for future admin expenses and other recommendations

The Board:

a) **RECEIVED** a verbal update from S9(2)(a) as follows:

(i) The Chair had provided initial feedback on the Actuary's letter which due to time constraints could not be incorporated into the Actuary's letter in time for the meeting. The comments have been incorporated into the recommendations in the covering paper. A marked-up version of the Actuary's letter will be placed on the Diligent Resource Centre.

(ii) S9(2)(g)(i)

[REDACTED]

(iii) S9(2)(g)(i)

[REDACTED]

Christine Ormrod joined the meeting.

b) **WELCOMED** Ms. Ormrod to the meeting.

c) **DISCUSSED** the Actuary's recommendations and rationale for the recommendations for the Aircrew and DBPC Schemes.

Aircrew Scheme

d) **RECEIVED** confirmation from Actuary that:

- (i) Expenses for Aircrew are substantially allocated to past service.
- (ii) Expenses are of a fixed nature and do not reduce materially with any decline in membership.
- (iii) Under the current methodology members who transfer out take a share of the provision for future expenses.

(iv) S9(2)(g)(i)

[REDACTED]

S9(2)(g)(i)

(v) The change in methodology does not have a negative impact on members.

e) **ACCEPTED** the Actuary's recommendations as summarised below:

(i) S9(2)(j)

(ii) S9(2)(j)

DBPC Scheme

f) **RECEIVED** confirmation from Actuary that:

(i) S9(2)(g)(i), S9(2)(j)

(ii) Currently non-contributing members under the age of 65 who may have ceased contributions are unable to elect a pension as they have not ceased service. The proposed amendment would allow these members to elect to take benefits without having to cease employment.

(iii) Expenses are of a fixed nature and do not reduce materially with decline or change in membership.

(iv) The proposed change to the Trust Deed, if members do exercise their right to elect a benefit, will significantly reduce the number of current and future non-contributory members in the scheme. S9(2)(g)(i)

g) **NOTED** the proposed Trust Deed amendment is subject to FMA approval and appropriate opinions and certificates from the legal adviser.

h) **NOTED** that after due consideration the Board is of the opinion the proposed amendment does not have a material adverse effect on the members and beneficiaries of the DBPC Scheme or the DBPA Scheme.

i) **DELEGATED** two Board members (Mr. Schuck and Ms. Edwards) to consider the form of the amending deed and sign the same by having their electronic signatures affixed.

j) **ACCEPTED** the Actuary's recommendations as summarised below:

(i) S9(2)(j)

(ii) S9(2)(j)

S9(2)(j)

- (iii) The Trust Deed for the DBPC Scheme is amended so that members can become entitled to a retirement pension, without having to cease employment, from the age of [REDACTED] instead of age 65.

In practice this will enable all members to leave the DBPC Scheme, [REDACTED]. The primary objective of the change is to enable various non-contributory members (including any new non-contributory members) who are still employed to transfer to the DBPA Scheme and commence their pension benefit.

- (iv) That where a member does not make an election within a reasonable period of time, and the member has received at least six months' written notice, the Board exercise its right under the Trust Deed for the DBPC Scheme and determine certain benefits on behalf of the member.

The Trust Deed provides that if a Defined Benefit Plan Section member has not elected which benefit they wish to receive within six months of leaving service, the Board has the right to determine certain benefits on the member's behalf. The primary objective is to avoid employers being required to meet the cost of administering the benefits of members who are not and have never been their employees. Once the member leaves service, there is no mechanism for their own employer to meet the future costs of administering the member's benefits.

- (v) S9(2)(i)

4. GENERAL BUSINESS

4.1 AML Chief Executive's 2023 objectives

The Board:

- a) **NOTED** the AML Chief Executive's objectives for 2023.
- b) **NOTED** quarterly progress reports would be provided by the CE to the AML Board and summarised in an AML Report to the NPF and GSFA Boards.
- c) **NOTED** that Board members will be surveyed on their satisfaction with various aspects of AML's performance. The first such survey is expected to be circulated in late April 2023.
- d) **NOTED** the AML Board report will replace the previous CE report and provide an opportunity to the NPF Board to question and hold the AML Board accountable.

4.2 Other business

The Board:

- a) **RECEIVED** a verbal update from S9(2)(a) [REDACTED] that the TCFD report was removed from the website and will be republished as soon as possible once the baseline issue and consistency of data has been addressed.
- b) There being no other business, the meeting finished at 12.03 pm.

NEXT MEETING: The next meeting of the Board will be held in Wellington and is scheduled for **Wednesday, 17 May 2023 commencing at 9.30 am** (time yet to be confirmed).

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

By circulation

Date

26 April 2023

PRESENT

Edward Schuck (Chair)
Sarah Park (Deputy Chair)
Graham Ansell
Louise Edwards
Tracey Berry
Lloyd Kavanagh

APOLOGIES

Nil

CFI LETTER TO MINISTERS RE CLIMATE CHANGE ENGAGEMENT

1. The Board **RECEIVED** a paper from Management seeking approval of a joint letter to be sent by CFIs to the Ministers of Finance and ACC to inform them about the climate change engagement project and progress within the Crown RI Framework. The letter gives the Ministers insight into each CFI's actions taken regarding climate change and the objectives and plan for the collaborative engagement. It also noted that the Board will report on aggregate information about the engagement in its annual reports and in updates to Ministers.
2. The Board:
 - (i) **APPROVED** the letter to Ministers.
 - (ii) **APPROVED** the Chair signing the letter to Ministers.

Ireen Muir,
Manager Schemes

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

Teams video conference and Level 12

Date

Wednesday, 17 May 2023 commencing at 9.30 am.

PRESENT

Edward Schuck (Chair)
Louise Edwards*
Sarah Park
Graham Ansell
Lloyd Kavanagh
Michelle Tsui

IN ATTENDANCE

Tim Mitchell, CE
Ireen Muir (for secretariat function and item 5)
Fiona Morgan (for items 3.2, 5.4, 6.1, 6.2 and 6.3)
Hadyn Hunt (For items 3.2, 5.4, 6.1, 6.2 and 6.3)
Peter McCaffrey, Lawrence Young and Sean Wakelin (for item 4)

APOLOGIES

Tracey Berry

* Denotes participants joined the meeting via video conference.

BOARD ONLY TIME

The Board met initially with the CE. Discussion centered around AML's strategic priorities and the Chief Executive's vision for AML.

SPECIFIC INTERESTS

All Board members confirmed there were no specific interests to declare.

1. MINUTES OF THE BOARD MEETINGS

1.1 Board Meeting Minutes

The Board **APPROVED** the minutes of the Board meetings held on 29 March 2023 and by circulation on 26 April 2023.

1.2 ALCO Meeting Minutes

The Board **NOTED** the minutes of the meeting held on 20 April 2023.

1.3 Committee Meeting Minutes

The Board:

- a) **NOTED** the draft minutes of the ARRC committee meeting held on 29 March 2023 and that it would be approved by the Committee at its next meeting.
- b) **REQUESTED** paragraph 3.1.3 of the draft minutes be amended by incorporating the words "residual risk".

- c) **REQUESTED** the Key Risk Profile be included as a standing agenda item for Board meetings.
- d) **NOTED** S9(2)(a) advice that she is working on creating a risk workshop for the Board with S9(2)(a) .

2. ADMINISTRATION

2.1 Interests Register

The Board **NOTED** the Interests Register and **REQUESTED** S9(2)(a) interest relating to S9(2)(a) be removed effective 31 March 2023.

2.2 Matters Arising

The Board:

- a) **NOTED** the paper and that the majority of matters arising had been completed.
- b) **NOTED** the following open items:
 - (i) Log item 148 – ongoing item that would be reported back to the board in due course. The new IT provider relationship is working well, in particular with respect to the quarantine services for emails.
 - (ii) Log 162 – As approved by the Board, cash is held with the Custodian rather than in a cash management fund. Management is currently considering alternatives for managing cash, including costs and returns. Given a cash manager may still be required, the GAT's trust deed will be amended to refer to underlying investment fund generally rather than specifically by name. **REQUESTED** the Management paper on cash alternatives and GAT's trust deed amendment be presented at the August Board meeting.

2.3 Revised Work Plan

The Board:

- a) **NOTED** the paper and the revised workplan.
- b) **RECEIVED** a verbal update from the CE that Russell Investments will be assisting with the SAA reviews and consideration will be given to a two-stage approach so risk tolerances and objectives can also be reviewed and remain achievable.
- c) **REQUESTED** a summary 'quick reference' paper be drafted and placed on Diligent resource centre showing all scheme's objectives, risk tolerances, impact of changes in investment returns and funding levels being less than 100% on different stakeholders.

2.4 Annuitas Management Report

The Board:

- a) **NOTED** the paper and **COMPLIMENTED** the CE on the clarity of the paper and change in focus to report initiatives underway with Annuitas.
- b) **DISCUSSED** the paper and **RECEIVED** a verbal update from the CE on AML's strategic plan and identity, the competitive advantages that AML brings through strong governance, internal expertise and value for money, and initiatives relating to staff recruitment, succession planning, office culture and environment.
- c) **REQUESTED** the mission and vision statements for Annuitas be amended to acknowledge the NPF Board and GSFA as foundation cornerstone clients.

3. KEY PAPERS

3.1 SIPSP Review – Russell Investments

The Board:

- a) **DISCUSSED** the paper and **RECEIVED** a verbal update from the CE that while the current changes are minor, additional consideration will be given to the SIPSP as part of the Practices review, which will look at the construction of all foundational documents.
- b) **AGREED** that schemes' global equity returns should be compared to two benchmarks i.e., the reduced carbon benchmark and the all-cap benchmark to consider impact on returns from low carbon strategy, however, **NOTED** the difference in returns may not necessarily be statistically attributable to low carbon strategy.
- c) **APPROVED** the changes to the SIPSP, and **REQUESTED** Management consider whether the reference to "Corporate Governance Statement" needs to be removed.

3.2 Audit Engagement Letters

The Board:

- a) **NOTED** the Audit engagement letters for the annual audit of the NPF Financial Statements and Register of Members.
- b) **APPROVED** the Engagement letters.
- c) **AUTHORISED** the use of the Audit and Risk Review Committee (ARRC) Chair's electronic signature on the letters of engagement to acknowledge their receipt and terms.

4. INVESTMENTS

4.1 Quarterly Investment Review

The Board:

- a) **RECEIVED** a verbal update from the CE on the paper.
- b) **DISCUSSED** and **NOTED** the paper.
- c) **REQUESTED** Management review and report back to the Board on the out-performance of the F2 Fund compared to index and the performance of NPPS vs its SAA benchmark.
- d) **REQUESTED** Management review and discuss, as part of the next Global Equities review, at the Board's Investment Committee the performance of investment manager S9(2)(i) when reviewing global investment managers, and in particular address S9(2)(i) S9(2)(i) role as part of the global manager line up, how it is performing compared to other S9(2)(i) managers and whether it is continuing to perform to mandate.

4.2 Responsible Investment Update Q1 2023

The Board:

- a) **RECEIVED** a verbal update from the CE on the paper.
- b) **DISCUSSED** and **NOTED** the paper.
- c) **NOTED** the significant reduction in carbon intensity of the listed equities portfolio was attributed to S9(2)(i) which had a material reduction in carbon intensity between Q4 2022 to Q1 2023. The Board further **NOTED** that portfolio carbon intensity is quite sensitive to relatively small changes in portfolio composition so the carbon intensity readings can be expected to be somewhat volatile.
- d) **REQUESTED** the Board be provided a S9(2)(i) paper on fixed interest carbon measures as part of the next monthly download of interesting reading.

- e) **REQUESTED** management consider incorporating into future reports the carbon intensity for the whole portfolio (including fixed interest) and consider the impact on the portfolio resulting from negative screening for carbon intensity and proactive initiatives. The Board also sought an explanation for the inconsistency between the WACI figures shown in Management's cover memo and the dashboard generated using MSCI data.

5. SCHEMES

5.1 Schemes Update

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **NOTED** that:
- (i) DBP Contributors Scheme – draft amended deed has been received from legal advisers and reviewed. It is expected to be finalised by mid-June 2023 with FMA approval. S9(2)(g)(i)
 - (ii) S9(2)(g)(i)
 - (iii) Anti Money Laundering and Countering Financing of Terrorism Act 2009 - Ministerial exemption will be issued on the same basis as the current exemption.

5.2 Schemes - Metrics

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **REQUESTED** an update on the process, and associated timing, to change the strategic asset allocation of DBPC or NPPS if a trigger to change a scheme's risk level is activated.
- c) **NOTED** The financial management framework for DBP Contributors Scheme is currently being reviewed.

5.3 Schemes – Unclaimed Money

The Board:

- a) **DISCUSSED** the report and **NOTED** verbal confirmation from S9(2)(a) that fully extinguishing the liability for relevant unclaimed monies will result in reallocation of the fully extinguished liability reserve to Scheme reserves and will continue to be for the benefit of the whole scheme. Based on actuarial advice, a 2.2% reinstatement reserve is currently allocated to member funds across all schemes except DBP Annuitants and National Provident Pension Schemes (being schemes where extinguishing provisions do not apply). A reinstatement reserve will continue to apply for liabilities not fully extinguished.
- b) With respect to all NPF Schemes (excluding DBP Annuitants and the National Provident Pension Schemes):
- (i) S9(2)(i)
 - (ii) S9(2)(i)

(iii) S9(2)(i)

5.4 Schemes – Update on 2023 Financial Year End Matters

The Board:

- a) S9(2)(g)(i)
- b) **DISCUSSED** the paper and **AGREED** that the ARRC meeting scheduled for 15 June 2023 can be used to meet with the Actuary to discuss the Pensioner Mortality Review and actuarial valuations for DBP Annuitants and National Provident Pension Schemes (and if available the actuarial valuation reports for DBP Contributors and Aircrew Schemes).
- c) **NOTED** that, due to the already busy agenda for the ARRC meeting, the Actuary would be asked to focus on the key points of her review.
- d) **REQUESTED** that the Actuary provide comments on how pensioner mortality has changed, the reasons why and what the impact of the change is on schemes.

6. FINANCE AND RISK

6.1 Scheme Results to 31 March 2023

The Board:

- a) **RECEIVED** verbal update from S9(2)(a) on the results for the year ended 31 March 2023, S9(2)(i)
- b) **NOTED** the report.

6.2 Board and Board Reserves Financial Statements to 31 March 2023

The Board **NOTED** the draft results for the Board and Board Reserves for the year ended 31 March 2023.

6.3 Policy Review – Procurement Policy

The Board:

- a) **RECEIVED** verbal update from S9(2)(a) noting that the previous procurement policy was specifically a GSFA policy, which has now been rewritten and extended to GSFA, AML and NPF. The new Procurement and Outsourcing Policy was presented and approved at the AML Board meeting held on 3 April 2023.
- b) **NOTED** the new Procurement and Outsourcing Policy

7. DELEGATED DECISIONS

7.1 Use of Common Seal

The Board **NOTED** the report.

7.2 Documents signed on behalf of the Board

The Board **NOTED** the report.

7.3 Management decisions made under delegated authority

The Board **NOTED** the report.

8. OTHER BUSINESS

The Board:

- a) **NOTED** CE's advice that a brief survey has been sent to Board members to seek feedback on key papers and quality of discussion at this meeting and a six-monthly survey would be sent by 19 May 2023.
- b) **REQUESTED:**
 - (i) Confirmation of the timing and length of the 30 June 2023 Board meeting.
 - (ii) An Investment Committee meeting be arranged prior to the 30 June 2023 Board meeting to consider specific items such as the SAA review.

There being no other business, the meeting finished at 12.18 pm.

NEXT MEETING: The next meeting of the Board will be held in Wellington and on video conference and is *currently scheduled for* **Wednesday, 30 June 2023 commencing at 8.00 am.**

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

By circulation

Date

12 June 2023

PRESENT

Edward Schuck (Chair)
Sarah Park (Deputy Chair)
Graham Ansell
Louise Edwards
Tracey Berry
Lloyd Kavanagh

APOLOGIES

Nil

NPF DEFINED CONTRIBUTION SCHEMES AND LUMP SUM CASH ACCUMULATION SCHEME - EARNINGS RATES AND SECTION 72 CLAIMS

1. The Board **RECEIVED** for its consideration the Actuary's recommendations, with respect to the Pension National, Lump Sum National and Meat Industry Schemes (the Defined Contribution Schemes) and the Lump Sum Cash Accumulation Scheme (**LSCAS**) in relation to:
- Earnings Rates for the Defined Contribution Schemes.
 - Basis for allocating earnings on contributions intra year for the Defined Contribution Schemes.
 - Transfer Value Earnings Rates for the Defined Contribution Schemes.
 - Section 72 claims for the Defined Contribution Schemes.
 - Earnings Rates and Transfer Value Earnings Rates for LSCAS.
 - Allowance for administration costs for the Defined Contribution Schemes and LSCAS

2. Defined Contributions Schemes - Earnings Rates

The Board, based on the advice of the Actuary, **RESOLVED** to **DECLARE**, Earnings Rates be applied to each Contributor's Total Credit as at 1 April 2022 as follows:

<i>Scheme</i>	<i>In accordance with Trust Deed provision</i>	<i>Earnings Rate per annum</i>
Pension National Scheme	16.1	4.0%
Lump Sum National Scheme	14.1	4.0%
Meat Industry Scheme	16.1	4.0%

3. Defined Contributions Schemes - Basis for allocating earnings on contributions intra year

The Board, based on the advice of the Actuary, **RESOLVED** to **DETERMINE**, the basis for allocating earnings on contributions made during the period 1 April 2022 to 31 March 2023 as follows:

<i>Scheme</i>	<i>In accordance with Trust Deed provision</i>	<i>Rate per annum</i>
Pension National Scheme	16.2	1.6%
Lump Sum National Scheme	14.2	1.6%
Meat Industry Scheme	16.3	2.0%

4. Defined Contributions Schemes - Transfer Value Earnings Rates

The Board, based on the advice of the Actuary, **RESOLVED** to **DETERMINE**, the Transfer Value Earnings Rates (to apply from the effect date of transfer to the date of payment of the transfer value) from 12 June 2023 until further notice as follows:

<i>Scheme</i>	<i>In accordance with Trust Deed provision</i>	<i>Rate per annum</i>
Pension National Scheme	31B.3 and 31B.4	4.0%
Lump Sum National Scheme	22B.3 and 22B.4	4.0%
Meat Industry Scheme	27B.3 and 27B.4	4.0%

5. Defined Contributions Schemes - Section 72 Claims

The Board:

- a) **RESOLVED** in terms of section 72 of the National Provident Fund Restructuring Act 1990, **TO MAKE A CLAIM** on the Minister for those deficits (and increased deficits) arising from the application of the 4.0% minimum Earnings Rates to the Schemes listed below in the year ended 31 March 2023:

Scheme	S72 Claim as at 31 March 2023	S72 Claim for exited members	Total
Pension National Scheme	4,761,000	497,041	5,258,041
Lump Sum National Scheme	6,390,000	806,802	7,196,802
Meat Industry Scheme	441,000	34,857	475,857
Totals	11,592,000	1,338,700	12,930,700

The \$11,592,000 relates to current members of the Schemes at 31 March 2023. Exited members (\$1,338,700) are members who left the Schemes during the financial year.

- b) **APPROVED** the form of the letter to the Minister of Finance.
- c) **AUTHORISED** Management to progress the claims with the Minister and Treasury.

6. LSCAS - Earnings Rate and Transfer Value Earnings Rate

The Board, based on the advice of the Actuary, **RESOLVED** to:

- a) **DECLARE**, in accordance with Clause 11.1 of the Lump Sum Cash Accumulation Scheme trust deed, an Earnings Rate of 4.0% per annum to apply from 1 April 2023 until further notice.
- b) **DETERMINE**, for the purposes of clauses 19B.3 and 19B.4 of the Lump Sum Cash Accumulation Scheme trust deed, the Transfer Value Earnings Rate (to apply from the effective date of transfer to the date of payment of the transfer value) for the Lump Sum Cash Accumulation Scheme from 12 June 2023 until further notice shall be at the rate of **4.0%** per annum.

7. S9(2)(g)(i)

[REDACTED]

Prepared by:

Ireen Muir,
Manager Schemes

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

By circulation

Date

19 June 2023

PRESENT

Edward Schuck (Chair)
Sarah Park (Deputy Chair)
Graham Ansell
Louise Edwards
Tracey Berry
Lloyd Kavanagh

APOLOGIES

Nil

NATIONAL PROVIDENT PENSION SCHEME (NPPS) - PENSION INCREASE RECOMMENDATION

The Board:

1. **RECEIVED** a paper from Management to consider whether to grant a pension increase for NPPS by reference to the NPPS Financial Management Policy (NPPS Policy) and having regard to the advice of the Actuary.
2. **NOTED** that under the NPPS Policy, the Minimum Funding Level above which pension increases will be considered, is 108% and that as at 31 March 2023, the funding level for NPPS as confirmed by the Actuary was 107.8%.
3. In line with the NPPS Policy, and after taking into consideration the 31 March 2023 funding level, **RESOLVED** to not grant a pension increase for NPPS as at 31 March 2023.
4. **REQUESTED** the 8% trigger level be considered when determining any pension increase in 2024, taking into account the updated 2023 mortality assumption and the confidence level in asset/liability tracking through F2 Fund.

Ireen Muir
Manager, Schemes.

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

Teams video conference and Level 12

Date

Wednesday, 30 June 2023 commencing at 8.00 am.

PRESENT

Sarah Park (Deputy Chair) *
Tracey Berry*
Lloyd Kavanagh*

IN ATTENDANCE

Tim Mitchell, CE
Ireen Muir* (for secretariat function and items 3.8 and 3.10)
Fiona Morgan
Michelle Tsui*

APOLOGIES

Edward Schuck (Chair), Louise Edwards, Graham Ansell

* Denotes participants joined the meeting via video conference.

SPECIFIC INTERESTS

All Board members confirmed there were no specific interests to declare.

1. MINUTES OF THE BOARD MEETINGS

1.1 Board Meeting Minutes

The Board **NOTED** the draft minutes for the Audit and Risk Review Committee (ARRC) meeting held on 15 June 2023 and **APPROVED** the minutes of the Board meetings held on:

- 1.1.1 17 May 2023.
- 1.1.2 12 June 2023 by circulation (Earnings Rate and Section 72).
- 1.1.3 19 June 2023 by circulation (NPPS Pension increase).

1.2 ALCO Meeting Minutes

The Board **NOTED** the minutes of the meeting held on 22 May 2023.

2. ADMINISTRATION

2.1 Interests Register

The Board **NOTED** the Interests Register and no changes were requested.

3. KEY PAPERS

3.1 Financial Statements Review Process

The Board:

- a) **NOTED** the report on the Financial Statement review process.
- b) **NOTED** the Audit & Risk Review Committee (ARRC) met on Thursday 15 June to review the draft Financial Statements of the Board of Trustees, Global Asset Trust; four sets of Scheme Financial Statements as a representation of all eight sets.
- c) **NOTED** the Committee also met with the Appointed Auditor in the absence of Management and no matters of concern regarding the information or disclosures within the financial statements were raised.
- d) **NOTED** the draft minutes of the Audit & Risk Review Committee meeting held on Thursday 15 June 2023 (see Agenda item 1.1).
- e) **NOTED** a verbal update from S9(2)(a) that the auditors on 29 June 2023 had raised a potential issue with the section 72 claim. The issue was being investigated and may result in changes to financial statements for some of the schemes, therefore approval of the scheme financial statements is being delayed. The issue and impact would be discussed further under item 3.6.

3.2 Report from Auditor

The Board:

- a) **NOTED and DISCUSSED** the Audit Report which had been updated since the ARRC meeting on 15 June 2023 to reflect the updated status of the financial statements and reviews conducted by Deloitte.
- b) **NOTED** the auditors had been invited to the Board meeting but were not attending given their attendance at the ARRC meeting.
- c) **NOTED** that no major areas of concern were raised in the report but on 29 June 2023 the auditors had raised two issues – a potential issue with the section 72 claim, impacting on scheme financial statements and an issue with regards to transfer of two members from Pension National.

3.3 Representations

The Board:

- a) **NOTED** the representations from Management and **RECEIVED** verbal confirmation from S9(2)(a) that the section 72 issue raised does not impact on representations made.
- b) **CONSIDERED** Management's answers to section 1-13 of the questionnaire, **COMPLETED** section 14 of the questionnaire, and **AUTHORISED** the Board Chair, and Chair of ARRC to sign on behalf of the Board.
- c) **CONSIDERED** and **AUTHORISED** the Board Chair, and Chair of ARRC to **SIGN** the representation letters to the Appointed Auditor and that these should be dated on the signing of all the financial statements.
- d) **REQUESTED** that the form of questionnaire be reviewed prior to the 2024 financial year end process to consider whether it remains fit for purpose.

3.4 Financial Statements 2023 – Board of Trustees

The Board:

- a) **NOTED** the financial statements of the Board of Trustees of the National Provident Fund for the year ended 31 March 2023.
- b) **RESOLVED** to:
 - i) **APPROVE** and **ADOPT** the Board of Trustees of the National Provident Fund financial statements for the year ending 31 March 2023, subject to resolving the outstanding scheme issues.
 - ii) **AUTHORISE** the Board Chair and the Chair of the ARRC to sign (via electronic signature) on behalf of the Board, the Board of Trustees of the National Provident Fund financial statements for the year ended 31 March 2023, subject to the above.
 - iii) **AGREED** that all financial statements be signed on the same day.

3.5 Financial Statements 2023 – Global Asset Trust

The Board:

- a) **NOTED** the review undertaken of the 2023 GAT Financial Statements by the Audit and Risk Review Committee.
- b) **RESOLVED** to:
 - i) **APPROVE** and **ADOPT** the financial statements of the Global Asset Trust for the year ending 31 March 2023, subject to resolving the outstanding scheme issues.
 - ii) **AUTHORISE** the Board Chair and the Chair of the ARRC to sign (via electronic signature) on behalf of the Board, the the Global Asset Trust financial statements for the year ended 31 March 2023, subject to the above.
 - iii) **AGREED** that all financial statements be signed on the same day.

3.6 Financial Statements 2023 – Schemes

- a) **RECEIVED** the Financial statements for the Schemes listed below as representative of the eight schemes.
 - i) Pension National Scheme (Defined Contribution Scheme)
 - ii) Lump Sum Cash Accumulation Scheme (Personal Scheme)
 - iii) National Provident Pension Scheme (Pension Scheme)
 - iv) Aircrew Superannuation Scheme (Defined Benefit Scheme)
- b) **NOTED** Financial Statements for all the schemes have been completed and sent to Deloitte for final review.
- c) **NOTED** the review (and subsequent recommendation for approval) undertaken by the ARRC of the Schemes' financial statements for the year ended 31 March 2023.
- d) **RECEIVED** advice from Management that on 29 June 2023, that subsequent to the ARRC review, the auditors had raised an inquiry regarding the value of section 72 claims and the accounting treatment of two transfers from the Pension National Scheme.
- e) **NOTED** that any change to the section 72 claim will impact the financial statements for the Pension National, Lump Sum National and Meat Industry Schemes.
- f) The Board **POSTPONED** the approval and adoption of the financial statements for the Schemes and **REQUESTED** a further meeting of the Board be called once the issue raised by the Auditor has been resolved to consider and approve any amendments required to the section 72 claims and financial statements.

- g) **REQUESTED** that future ARRC meetings, when considering annual financial statements, would focus in detail on impacts on schemes resulting from changes in mortality assumptions, increasing costs for schemes, and changes in inflation.

3.7 Section 67(1A) Report

- a) **RECEIVED** a verbal update from S9(2)(a) on the process followed for preparation and review of the report.
- b) **RECEIVED** a verbal confirmation of accuracy from S9(2)(a).
- c) **REQUESTED** Management consider including in future reports longer term actual and benchmark results for the schemes and individual asset classes, given the long-term investment focus for the schemes.
- d) **NOTED** and **APPROVED** the Section 67(1A) report for the year ending 31 March 2023 subject to the value ascribed to Section 72 claims in paragraph (E) being amended, if required (refer discussion in item 3.6).

3.8 DBPC to DBPA Pension Purchase Factors

The Board:

- a) **NOTED** the Actuary's report on the basis for determining the transfer of assets between the DBP Contributors Scheme and the DBP Annuitants Scheme.
- b) Based on the recommendations of the Actuary, **RESOLVED** to:
- i) **ADOPT** the 2023/2024 transfer basis, set out in the Actuary's report, and the transfer factors, calculated using the transfer basis as set out in Appendix A of the report, with effect from 1 July 2023 to 30 June 2024, for the purposes of clause F9 of the trust deed of the DBP Contributors Scheme and clause 8 of the trust deed of the DBP Annuitants Scheme.
 - ii) Continue to **REVIEW** the transfer basis on an annual basis.
 - iii) **REVIEW** the notional asset allocation prior to the 2024/2025 transfer factors being determined.
- c) **REQUESTED** Management discuss the impact of changes on DBPC with Ms Tsui and provide an update at the August Board meeting.

3.9 Chair's Letter

The Board:

- a) **NOTED** that each year members receive an annual report package that includes a letter from the Chair of the Board and a summarised annual report.
- b) **CONSIDERED** the draft Chair's letter and **REQUESTED** the following comments be considered in finalising the letter:
- i) Acknowledge S9(2)(a) departure.
 - ii) Acknowledge Ms Tsui joining the Board as an adviser under Treasury's future directors' programme.
 - iii) Given there have been quite a few changes in personnel and Board include a statement of comfort.
- c) **REQUESTED** that key messaging for the 2024 Chair's letter be considered early in 2024.
- d) Subject to the above comments, **CONFIRMED** the content and format for the Chair's letter and **AUTHORISED** the Chair to finalise the letter.

3.10 Summarised Financial Statements

The Board:

- a) **RECEIVED** for its consideration drafts of the 2023 summarised annual reports for the following schemes:
 - i) Pension National Scheme - (DC Scheme)
 - ii) Lump Sum Cash Accumulation Scheme (Personal Scheme)
 - iii) National Provident Pension Scheme (Pension Scheme)
 - iv) Aircrew Superannuation Scheme (DB Scheme)
- b) **RECEIVED** confirmation from S9(2)(a) that the reports would be updated as necessary pending outcome of investigation of issue noted in item 3.6, updated with the final opinions received from the Auditors and the PIE charts updated to provided information as at the last effective date of change in strategic asset allocation and current as at 31 March 2023.
- c) **CONFIRMED** the format of the summarised annual reports for 2023.

3.11 Request for increase in fixed asset budget

The Board:

- a) **RECEIVED** an update from S9(2)(a) on capital expenditure to date and confirmation that staff work from the office approximately 80% of the time.
- b) **NOTED** the expenditure to date on fixed assets.
- c) **APPROVED** an additional \$20,000 in the fixed asset budget.

3.12 NPF Greenhouse Gas Inventory Report 2023

The Board:

- a) **DISCUSSED** and **NOTED** the corporate Greenhouse Gas Emissions Inventory Report for the NPF Board for the year ending March 2023.
- b) **RECEIVED** a verbal update from S9(2)(a) that main contributors to emission levels are travel and electricity and the outcome of the report would be incorporated into climate related disclosures.
- c) **NOTED** Management will continue to use this report as the basis for identifying possible reductions in corporate emissions.
- d) **NOTED** that this report has not been independently verified.
- e) **REQUESTED** consideration be given in the future to the value of the report, its incorporation into the climate related disclosures and future verification in light of materiality of emissions and cost effectiveness.
- f) **EXPRESSED** its appreciation for the report and **THANKED** the finance team for their great work with this.

3.13 GSFA Notice of appointment of Director to Annuitas Management Limited Board

The Board **RECEIVED** GSFA Board's notice of Mr. Hugh Duncan Stevens' appointment to the Annuitas Board and **NOTED** that Mr Stevens had joined the last Annuitas' board meeting as an observer.

4. GENERAL BUSINESS

The Board:

- a) **RECEIVED** a verbal update from S9(2)(a) that the Board strategy meeting is scheduled 9 August 2023 followed by a full board meeting on 10 August. The agenda for strategy meeting is yet to be finalised and suggestions from Board members are welcome.
- b) **REQUESTED:**
 - (i) Strategy meeting agenda include a planning discussion on professional development and knowledge gaps.
 - (ii) Induction paper on why the NPF Board is not a Crown Entity be placed on Diligent resource and if it is already placed in Diligent, circulate a link to the relevant page.

There being no other business, the meeting finished at 9.50 am.

NEXT MEETING: The next meeting of the Board will be held in Wellington on **Thursday, 10 August 2023 commencing at 10.00 am.**

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

Teams video conference and Level 12

Date

Thursday, 6 July 2023 commencing at 8.00 am.

PRESENT

Sarah Park (Deputy Chair) *
Tracey Berry*
Lloyd Kavanagh*
Louise Edwards*
Graham Ansell*

IN ATTENDANCE

Tim Mitchell, CE
Ireen Muir* (for secretariat function)
Fiona Morgan
S9(2)(a)
Michelle Tsui*

APOLOGIES

Edward Schuck (Chair)

* Denotes participants joined the meeting via video conference.

SPECIFIC INTERESTS

All Board members confirmed there were no specific interests to declare.

1. KEY PAPERS

1.1 Financial Statements Review Process

The Board:

- a) **RECEIVED** a paper from Management confirming that following discussions with the Auditor, the Actuary, and the Scheme Administrator:
- i) The section 72 claims were calculated correctly for the Pension National, Lump Sum National and Meat Industry Schemes and no change to the claims was required.
 - ii) A change has been made to the financial statements for the Pension National Scheme to reverse an accrual relating to two transfers out of that scheme.
- b) **RECEIVED** a verbal update from S9(2)(a) and S9(2)(a) on the process followed to enable the above confirmations to be provided, a summary of changes made to the financial statements for the Pension National Scheme S9(2)(g)(i)
- c) **RESOLVED** to **AFFIRM** the approvals and authorisations given by the Board on 12 June 2023 relating to the section 72 claims for the Pension National, Lump Sum National and Meat Industry Schemes for the year ended 31 March 2023.
- d) **RESOLVED** to:

- i) **NOTE** the amended financial statements for the year ended 31 March 2023 for Pension National Scheme.
 - ii) **APPROVE** and **ADOPT** financial statements for the year ended 31 March 2023 for all the Schemes.
 - iii) **CONFIRM** the Board's approval and adoption of the financial statements for the year ended 31 March 2023 for the Board of Trustees of the National Provident Fund and for the Global Asset Trust.
 - iv) **AUTHORISE** the Board Chair and the Chair of the Audit and Risk Review Committee to sign (via electronic signature) on behalf of the Board, the Schemes' financial statements for the year ended 31 March 2023 for the Schemes, the Board of Trustees of the National Provident Fund and Global Asset Trust.
- e) **CONFIRMED** that all financial statements be dated 6 July 2023.
- f) **RECEIVED** confirmation from **S9(2)(a)** that the annual report will be sent to members of the Schemes by 31 July 2023
- g) **CLARIFIED** its request from the Board meeting held on 30 June 2023 (refer item 3.3 (d)) relating to review of the questionnaire, in particular section 14, that is completed by the Board in order to provide representations to the Auditors and **REQUESTED** that the form of questionnaire be reviewed by the Audit and Risk Review Committee at its next meeting to consider whether it remains fit for purpose, whether any additional confirmations are required from management and to add any necessary clarifications, for example which third party contracts are being referenced.
- h) **THANKED** Management for resolving the auditor's query in a very timely manner and identifying process changes to ensure queries from auditors can be received and resolved in a timelier manner and clarify the accounting treatment of transfers out of schemes that to be given effect in the new financial year.

2. GENERAL BUSINESS

There being no other business, the meeting finished at 8.18 am.

NEXT MEETING: The next meeting of the Board will be held in Wellington on **Thursday, 10 August 2023 commencing at 10.00 am.**

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board) – Strategy Day

Venue

Level 12, The Todd Building, 95 Customhouse Quay, Wellington

Date

Wednesday, 9 August 2023 commencing at 3.00 pm.

PRESENT

Edward Schuck (Chair)
Sarah Park (Deputy Chair)
Tracey Berry
Lloyd Kavanagh
Louise Edwards
Graham Ansell

IN ATTENDANCE

Tim Mitchell, CE
Ireen Muir (for secretariat function)
Fiona Morgan
S9(2)(a)
Hadyn Hunt
Anthony Halls
Michelle Tsui

APOLOGIES

Nil

1. BOARD SELF REVIEW

The Board met initially to discuss the results of its self-review exercise and identify areas of development.

2. NPF RELATIONSHIP TO CROWN

Matters **DISCUSSED** by the Board included:

- a) The importance of considering the interests of the Crown with each decision, noting that the Crown's interests vary according to the type of scheme - i.e., defined benefit, defined contribution, or pension. **REQUESTED** Management recommendations to the Board be framed to consider the impact on members and Crown.

- b) S 9(2)(h)

- c) **NOTED** with respect to defined contribution schemes:

- i) The Board sets the strategic asset allocation.
- ii) Pursuant to their trust deeds the schemes have the benefit of the 4% (after tax and fees) minimum earnings rate supported by Section 72.
- iii) The value to members of the minimum earnings rate, supported by section 72, varies according to the economic conditions in any given year.
- iv) The Crown guarantee under section 60 of the NPF Act.
- v) Because of the Crown guarantee, members rationally desire a higher level of risk-taking.

- vi) The Board must take account of the interests of the Crown and a clear manifestation of this duty is the reserving policy that has been in place for some time, under Ministerial directive.
- d) **NOTED** with respect to defined benefit schemes:
- i) Members' benefits are defined as per legislation and the Trust Deeds.
 - ii) Members are subject to the investment risk when they take a transfer-out option as they take a share of the investment return/loss.
 - iii) The Board acts on behalf of members to ensure schemes are fully funded by way of employer contributions and investment returns until such time that investment risk-taking is no longer appropriate.
 - iv) The schemes on wind-up have a Crown guarantee.
 - v) The Board recommends contribution rates to the Minister of Finance, who has final approval. In making the recommendation, the Board considers reasonableness of the rate and balances this with the interest of the Crown – **REQUESTED** Management prepare a short paper on this topic.
- e) **NOTED** with respect to climate related disclosures:
- i) The Ministerial expectation on responsible investment framework is extended to NPF along with Crown Financial Institutions. While the expectation is not binding, the Minister has the right to issue directions or require a report on any matter. In any case, the expectation has been accepted and relates to decarbonising and reporting.
 - ii) There remains a potential that decarbonising may yield a lower return which may impact on the Crown through the guarantee. Returns are measured against both the low carbon index and carbon index thus providing transparency.
 - iii) The cost of TCFD/CRD reporting is an operating expense of the schemes which impacts on funding levels and employer contribution rates. The costs are internal (e.g., resource costs) and external (e.g., index costs, audit).
 - iv) In future Ministerial expectations need to be considered in light of expense/cost of meeting the expectation and impact on members. Future responses to Ministerial Letters of Expectation might need to spell out the cost of meeting expectations.

3. NPF HIGH LEVEL STRATEGY

The Board **THANKED** management for the scheme summaries and **DEFERRED** discussion on "strategy on a page" to 8.30 am 10 August 2023 (at Board meeting).

4. RISK SESSION – BRAIN STORMING AND EMERGING RISKS

This session was led by S9(2)(a) and the following records high-level notes from the session.

a) **Key Objectives**

Members undertook a whiteboard exercise to identify key objectives. The following were identified:

- i) S9(2)(g)(i)
- ii) S9(2)(g)(i)
- iii) S9(2)(g)(i)
- iv) S9(2)(g)(i)
- v) S9(2)(g)(i)
- vi) S9(2)(g)(i)
- vii) S9(2)(g)(i)
- viii) S9(2)(g)(i)

- ix) S9(2)(g)(i) [REDACTED]
- x) S9(2)(g)(i) [REDACTED]

b) S9(2)(g)(i) [REDACTED]

S9(2)(g)(i)	S9(2)(g)(i)	S9(2)(g)(i)
<ul style="list-style-type: none"> • S9(2)(g)(i) [REDACTED] • S9(2)(g)(i) [REDACTED] • S9(2)(g)(i) [REDACTED] • S9(2)(g)(i) [REDACTED] 	S9(2)(g)(i) [REDACTED]	<ul style="list-style-type: none"> • S9(2)(g)(i) [REDACTED] • S9(2)(g)(i) [REDACTED] • S9(2)(g)(i) [REDACTED] • S9(2)(g)(i) [REDACTED] • S9(2)(g)(i) [REDACTED] • S9(2)(g)(i) [REDACTED]

c) **Key risks**

Members undertook a whiteboard exercise to identify key risks. S9(2)(g)(i) [REDACTED]

- i) S9(2)(g)(i) [REDACTED]
- ii) Long standing error/ systemic error- requiring major remediation and having large S9(2)(g)(i) [REDACTED]
- iii) S9(2)(g)(i) [REDACTED]
- iv) S9(2)(g)(i) [REDACTED]
- v) S9(2)(g)(i) [REDACTED]
- vi) S9(2)(g)(i) [REDACTED]
- vii) S9(2)(g)(i) [REDACTED]
- viii) S9(2)(g)(i) [REDACTED]
- ix) S9(2)(g)(i) [REDACTED]
- x) S9(2)(g)(i) [REDACTED]

d) **Emerging risks**

Members undertook a whiteboard exercise to identify emerging risks. S9(2)(g)(i)

- i) S9(2)(g)(i)
- ii) S9(2)(g)(i)
- iii) S9(2)(g)(i)
- iv) S9(2)(g)(i)
- v) S9(2)(g)(i)
- vi) S9(2)(g)(i)
- vii) S9(2)(g)(i)

e) **REQUESTS** (Action items)

Following on from the whiteboard exercises described above, members **REQUESTED** that Management consider the following:

- i) Map key risks to current risk register, identify gaps and present findings to Audit and Risk Review Committee (ARRC).
- ii) Consider emerging risks and controls – report back to ARRC.
- iii) Consider controls’ effectiveness (and residual risk) – report back to ARRC.
- iv) Arrange a paper/discussion on managing asset -liability risk – report back to ARRC or Board.
- v) Arrange annual meetings (outside of formal board meetings) to consider risks and strategy.
- vi) Continue providing Risk Register at each Board meeting.
- vii) Provide greater clarity on assurance programmes.
- viii) Broader impacts of changes in mortality (as identified through mortality review completed by the Actuary).
- ix) Impact of inflation on schemes (taking into consideration Treasury’s forecast short and long-term term inflation).

GENERAL BUSINESS

The meeting finished at 5.45 pm.

NEXT MEETING: The next meeting of the Board will be held in Wellington on **Thursday, 10 August 2023 commencing at 8.30 am.**

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

Level 12, The Todd Building, 95 Customhouse Quay, Wellington.

Date

Thursday, 10 August 2023 commencing at 8.30 am.

PRESENT

Edward Schuck (Chair)
Sarah Park (Deputy Chair)
Tracey Berry
Lloyd Kavanagh
Louise Edwards
Graham Ansell

IN ATTENDANCE

Tim Mitchell, CE
Michelle Tsui
Ireen Muir (for secretariat function)
Anthony Halls, Holly Marshall for item 3 and 4
Sean Wakelin and Lawrence Young for items 3.2-3.9 and 4
Fiona Morgan, for item 5
Hadyn Hunt for item 5
S9(2)(a) for item 6

APOLOGIES

Nil

VISITORS

The Actuary, Ms. Christine Ormrod* from PWC for items 5.3 and 5.4

* Denotes participants joined the meeting via video conference.

BOARD ONLY TIME

The Board met initially on its own. Discussion centered around recrafting "strategy on a page" (being a follow on from strategy discussion on 9 August 2023). The Board **NOTED** that Ms. Berry will prepare first draft and will contact Management for Word version and notes from earlier discussion on 9 August 2023.

The Board met with CE. Discussion centred around Annuitas' capacity to undertake asset-liability work: in-house resource vs contracted-in specialist advice.

SPECIFIC INTERESTS

All Board members confirmed there were no specific interests to declare.

1. MINUTES OF THE BOARD MEETINGS

1.1 Board Meeting Minutes

The Board **APPROVED** the minutes of the Board meetings held on 30 June 2023 and 6 July 2023 (subject to apologies in the minutes being amended).

1.2 ALCO Meeting Minutes

The Board:

- a) **NOTED** the minutes of the meetings held on 20 June 2023 and 20 July 2023.
- b) **AGREED** that minutes of ALCO meetings do not have to be provided to the Board and that any material issues would be considered and reported to the Board by **S9(2)(a)**.

1.3 Committee Meeting Minutes

The Board **NOTED** the draft minutes of the Investment Committee meeting held on 27 July 2023.

2. ADMINISTRATION

2.1 Interests Register

The Board **NOTED** the Interests Register and **REQUESTED** the following changes:

- a) **S9(2)(a)** retired from **S9(2)(a)** - end date 3 August 2023.
- b) **S9(2)(a)** appointment on **S9(2)(a)** does not commence until 2024.

2.2 Matters Arising

The Board:

- a) **NOTED** the great progress made on matters arising.
- b) **NOTED** verbal update from the CE that:
 - (i) Responsible investing is on top of agenda for **S9(2)(a)** (Senior Responsible Investment Strategist) and a new suite of reporting will be provided to the Board at its November 2023 meeting.
 - (ii) The responsible investing resource at NZ Super for which NPF pays a pro rata share of costs is working well.
 - (iii) GHG inventory is included in financial reporting and the TCFD agenda item. The decision on how to move forward with offsets is still being considered.

2.3 Work Plan

The Board **NOTED** the paper.

2.4 Annuitas Management Report

The Board:

- a) **NOTED** the paper and **RECEIVED** a verbal update from the CE on following key items:
 - (i) Human resource architecture
 - (ii) Culture survey results to be discussed with staff and work undertaken to consider how can we bridge the gap from where we are to where we would like to be.
 - (iii) Staff training and development aspirations – plans and budget are in place. Annuitas' objective is to develop career pathways.
 - (iv) Annuitas' skills matrix is to be considered at its next board meeting and members of both NPF Board and GSFA were invited to provide feedback for incorporation into the matrix.

- b) **DISCUSSED** the update from CE that Annuitas constitutional documents (being its constitution, joint venture agreement and management services agreement) are to be reviewed with a view to modernising and simplifying and **REQUESTED** the following be considered as part of the review and reported back to the Board with any draft amendments:
- (i) Difference in proposed model where Annuitas becomes a service provider and Annuitas workforce would not be considered NPF personnel.
 - (ii) Challenges of shared legal advice.
 - (iii) Continued compliance with the NPF legislation under the new model.

2.5 Board Meeting Dates for 2024

The Board **NOTED** the paper and **REQUESTED** the clash in dates for March and June 2024 for Ms. Park and Ms. Edwards be discussed offline with the CE.

2.6 Board Training

The Board:

- a) **NOTED** the paper and **REQUESTED** the list of regular staff-led refreshers be updated to include a session providing a short overview regarding Climate Related Disclosures and on Asset/Liability matching.
- b) **DISCUSSED** the process for Board members arranging training – in summary: identify development areas, consider if they can be Annuitas-led sessions or if external provider then subject to budget, and approval from Chair.
- c) **NOTED** that it is valuable for each Board member to maintain a schedule of training.
- d) **NOTED** that current budget may not be sufficient but can be reviewed when final spend amounts are reviewed.

2.7 Directors and Officers Insurance

The **Board:**

- a) **NOTED** the paper and legal advice.
- b) **NOTED** S9(2)(g)(i)

2.8 Amendments to Management Services Agreement

The Board:

- a) **APPROVED** the amendments to the Management Services Agreement with the NPF and with the Authority, both dated 9 December 2021, as provided for in the following:
 - (i) A Deed of Amendment which amend the Management Services Agreement dated 9 December 2021 with the Board of Trustees of the National Provident Fund (the NPF Deed of Amendment); and
 - (ii) A Deed of Amendment which amends the Management Services Agreement dated 9 December 2021 with the Government Superannuation Fund Authority (the GSFA Deed of Amendment).
- b) **DELEGATED** Dr. Schuck and Ms. Edwards to **EXECUTE** the Annuitas' shareholders' resolution providing approval for Annuitas to execute the NPF Deed of Amendment and the GSF Deed of Amendment.

- c) **DELEGATED** Dr. Schuck and Ms. Edwards to **EXECUTE** the NPF Deed of Amendment.
- d) **NOTED** that Dr. Schuck and Ms. Edwards provided consent for their electronic signatures to be used for execution of the documents referred to in paragraphs (b) and (c) above.

3. KEY PAPERS

3.1 Introduction to Anthony Halls and Holly Marshall

Anthony Halls and Holly Marshall joined the meeting.

The Board **WELCOMED** Mr. Halls and Ms. Marshall.

Mr. Halls joined Annuitas on 24 July 2023 as a General Manager Investments (soon to be amended to Chief Investments Officer).

Ms. Marshall joined Annuitas on 3 July 2023 as a Senior Responsible Investment Strategist.

Mr. Halls and Ms. Marshall spoke of their prior roles and experiences and their perspectives on the challenges and opportunities of their new roles.

3.2 ALCO Event Review

The Board:

- a) **NOTED** it was pleased with report and comfortable with learnings and actions taken.
- b) **REQUESTED** the Board be kept updated on improvements being made and the rebuild of the model by **S9(2)(i)** to ensure it is consistent with current best practices in model design.
- c) **DISCUSSED** the current review and inventory of models used within the business and **REQUESTED** an assurance programme which considers the key controls, testing schedule, and validation.

3.3 SAA for Aircrew Superannuation Scheme and LSCA Scheme

The Board **NOTED** the paper and **AGREED** with **S9(2)(j)** conclusion that given the funded status and the capital market assumptions utilised, the SAAs for Aircrew and LSCA do not warrant mid-cycle adjustment prior to the next review, scheduled for 2024.

3.4 Draft TCFD Report

The Board:

- a) **NOTED** the paper.
- b) **APPROVED** the draft TCFD report for publication, subject to completion of the operational data sections highlighted and **REQUESTED:**
 - (i) Final approval to be given by the Chair of the Audit and Risk Review Committee.
 - (ii) At the time of final approval, management provide an attestation that all representations are substantiated, the statements made are fair and accurate, and jargon and technical language have been minimised but where used, it is correct.
 - (iii) Confirmation from management on application of the Fair-Trading Act 1986 and Part 2 of the FMC Act to the published TCFD report.

3.5 Climate Related Disclosures Update

The Board **NOTED** the Paper and update on the planning to ensure NPF is positioned to meet the objectives of the new Climate Related Disclosure regime.

3.6 Cash Management – C Unit Fund and Board Reserves

The Board **NOTED** the report and, with respect to NPF cash investments:

- a) **APPROVED** investment of the C Fund assets into a BNZ Money Market Call Account.
- b) **APPROVED** continued investment of Board Reserves into Term Deposits and **NOTED** the maturity of these will be laddered to increase liquidity and smooth returns over interest rate cycles.

3.7 GAT Trust Deed Amendment

The Board:

- a) **CONFIRMED** its opinion that the proposed amendments to the Second Schedule of the Trust Deed for the Global Asset Trust are not materially and adversely prejudicial to the Investors (as per clause 10.1.1.4), **APPROVED** the proposed amendments, and **AUTHORISED** Management to seek approval from the FMA and give the Minister of Finance 20 Business Days' notice of any proposed amendment:
- b) **AUTHORISED** execution of the amending deed under Common Seal by two authorised signatories, subject to receiving approval from the FMA and on receiving no direction from the Minister of Finance or on expiry of the 20 Business Days' notice period.
- c) **DELEGATED** Dr. Schuck and Ms. Park to **EXECUTE** the amending deed in due course, subject to matters stated in paragraph b) above.
- d) **NOTED** that Dr. Schuck and Ms. Park provided consent for their electronic signatures to be used for execution of the documents in due course.

3.8 Dynamic Asset Allocation Review

The Board:

- a) **NOTED** the paper and complimented **S9(2)(a)** on his paper.
- b) **APPROVED** restarting the DAA programme, subject to the new CIO's satisfaction with it.

3.9 SIPSP Compliance Assurance Programme

The Board:

- a) The Board **APPROVED** independent SIPSP compliance assurance moving from an annual cycle to a rolling programme that is spread over three years.
- b) **NOTED** that the Chief Investment Officer will provide quarterly attestation that the SIPSP has been complied with in all material respects, subject to appropriate compliance assurance programme being put in place to support the attestation.

4. INVESTMENTS

4.1 Investment Report

The Board:

- a) **RECEIVED** a verbal update from **S9(2)(a)** on the paper.
- b) **DISCUSSED** and **NOTED** the paper.

- c) **DISCUSSED** the F2 Unit fund issue noting confirmation from **S9(2)(a)** that performance will be calculated internally and monitored, and that the methodology used is aligned.
- d) **REQUESTED** future statements on compliance breaches to be more specific.
- e) **REQUESTED** Management report to the Board the outcome of the research visit with **S9(2)(i)**
- f) **REQUESTED** commentary on changes in market outlook be included in future reports.

4.2 Global Bonds Portfolio Review

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **REQUESTED** future reviews to focus on the "why" so as to provide additional insights on why an investment manager may not be meeting performance expectations, why we have appointed the specific investment managers, what are their investment styles, and provide granular details on assessment of credit quality as an average may not indicate that the fund is holding below average stocks.

4.3 Currency Hedge Ratio

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **NOTED** that **S9(2)(i)** had undertaken this review and concluded that the hedge ratio for the global equity O Unit, is broadly consistent with their advice to New Zealand clients, and further that while there exists scope in the NPF's investment process to alter the hedge ratio on a tactical basis, they do not believe it is necessary to revisit the strategic foreign currency policy at this point, less than 12 months after the most recent review.
- c) **NOTED** that separate advice has been sought on alternative tax treatments and is yet to be considered.

5. SCHEMES

5.1 Schemes Update

The Board **DISCUSSED** and **NOTED** the paper.

5.2 Schemes - Metrics

The Board **DISCUSSED** and **NOTED** the paper.

The Actuary, Christine Ormrod from PWC joined the meeting.

5.3 DBPC – Employer Contribution Rates

The Board:

- a) **NOTED** the paper on the actuarial review for the DBPC Scheme, as at 31 March 2023
- b) **DISCUSSED** the actuarial review and recommendations.
- c) **DISCUSSED** the investment strategy of the scheme, options on when to de-risk the portfolio, impacts of de-risking the portfolio on members, employers, and Crown.

- d) **S9(2)(j)** [REDACTED]
- (i) **S9(2)(j)** [REDACTED]
- (ii) **S9(2)(j)** [REDACTED]
- (iii) proceeds with the DBPC Scheme trust deed amendment to enable members to elect to take their pension from age 60 but does not amend the trust deed to increase the benefits payable from the DBPC Scheme.
- e) **DELEGATED** to the Board Chair the authority to approve the letter to go to the Minister of Finance.
- f) **ACCEPTED** the Actuary's recommendations that the Board:
- (i) undertake a statutory actuarial examination of the DBPC Scheme as at 31 March 2024 to determine the employer contribution rate from 1 April 2025.
- (ii) continue to periodically review the asset allocation to ensure it remains appropriate.
- g) **S9(2)(j)** [REDACTED]
- It is further noted that:
- (i) the mortality assumptions were reviewed as at 31 March 2023 and the 2023/2024 transfer factors incorporate the results of this mortality review. These will next be reviewed as at 31 March 2026
- (ii) the Board considered and determined that no change is required to the notional asset allocation for the DBPA Scheme. This will be reviewed prior to 30 June 2026.
- h) **NOTED** the employer contribution rate is set on the assumption that any deficit in the DBPC when the last member leaves would be met by the Crown (either by way of the Section 60 guarantee or by asking the Minister of Finance to approve the use of the Free Reserves for this purpose).
- i) **REQUESTED** that Management submit a paper at the Board's November meeting (or earlier if warranted) reviewing the strategic asset allocation with a view to de-risking.

5.4 Aircrew - Employer Contribution Rates

The Board:

- a) **NOTED** the report on the actuarial review for the Aircrew Scheme, as at 31 March 2023.
- b) **DISCUSSED** the actuarial review and recommendations.
- c) **RESOLVED** to **ACCEPT** the Actuary's recommendations that the Board:
- (i) **S9(2)(j)** [REDACTED]

(ii) S9(2)(j)

(iii) continues to periodically review the asset allocation to ensure it remains appropriate.

d) **NOTED** there will be a statutory actuarial examination of the Scheme as at 31 March 2024 to determine the employer contribution rate from 1 April 2025.

Christine Ormrod left the meeting.

6. FINANCE AND RISK

6.1 Scheme Results to 30 June 2023

The Board **RECEIVED** verbal update from S9(2)(a) on the results for the three months to 30 June 2023 and **NOTED** the report.

6.2 Board and Board Reserves Financial Statements to 30 June 2023

The Board:

- a) **NOTED** the financial statements of the Board of Trustees for the three months ending 30 June 2023.
- b) **NOTED** the financial statements of the Board Reserves, for the three months ending 30 June 2023.

6.3 Legislative Compliance

The Board:

- a) **RECEIVED** verbal update from S9(2)(a) that the review of the legislative compliance framework and updated the legislative compliance risk assessment had been reported to the 15 June 2023 Audit, Risk and Review Committee as part of the financial statements review, where it was noted and recommended to be presented to the Board for approval.
- b) **APPROVED** the legislative compliance profile and risk assessment as set out in Appendix 2 of the paper.
- c) **REQUESTED** the framework be reviewed to ensure that legislation applying to reports published on the website is incorporated into the framework and risk assessment.

6.4 Key Risk Profile and Register

The Board:

- a) **NOTED** the report.
- b) **APPROVED** the current Key Risk Profile and Key Risk Register and the amendments.
- c) **REQUESTED** the following be reconsidered:
 - (i) PIMS systems – looking at age of the system, support, and backup.
 - (ii) Residual risk for information security.
 - (iii) Where would the ALCO model issue sit within the key risks.

7. DELEGATED DECISIONS

7.1 Use of Common Seal

The Board **NOTED** the report.

7.2 Documents signed on behalf of the Board

The Board **NOTED** the report.

7.3 Management decisions made under delegated authority

The Board **NOTED** the report.

8. OTHER BUSINESS

The Board **NOTED** CE's advice that a brief survey has been sent to Board members to seek feedback on key papers and quality of discussion at this meeting.

There being no other business, the meeting finished at 12.30 pm.

NEXT MEETING: The next meeting of the Board will be held in Wellington and is currently scheduled for **Wednesday, 15 November 2023 commencing at 9.30 am.**

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

Level 12, The Todd Building, 95 Customhouse Quay, Wellington and Teams video conference.

Date

Wednesday, 13 September 2023 commencing at 10.00 am.

PRESENT

Edward Schuck (Chair)*
Sarah Park (Deputy Chair)*
Lloyd Kavanagh*
Graham Ansell*

IN ATTENDANCE

Tim Mitchell, CE
S9(2)(a)
Ireen Muir (for secretariat function)

APOLOGIES

Tracey Berry, Louise Edwards, Michelle Tsui

VISITORS

Datacom Connect Limited – S9(2)(a)
S9(2)(a)*

* Denotes participants joined the meeting via video conference.

SPECIFIC INTERESTS

All Board members confirmed there were no specific interests to declare.

Datacom representatives joined the meeting.

1. DATACOM PRESENTATION

The Board

1.1 **RECEIVED** a presentation from Datacom on its administration services for the NPF Schemes. Matters DISCUSSED included:

- a) Team numbers, structure, and staff training.
- b) Service levels attained.
- c) Administration systems – PIMS.
- d) Process documentation and controls.
- e) Cyber security.
- f) Audits.
- g) Levels of membership and work undertaken for the schemes.

1.2 **THANKED** Datacom for their attendance and presentation.

Datacom representatives left the meeting.

2. OTHER BUSINESS

There being no other business, the meeting finished at 12.30 pm.

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

By circulation

Date

15 September 2023

PRESENT

Edward Schuck (Chair)
Sarah Park (Deputy Chair)
Graham Ansell
Louise Edwards
Tracey Berry
Lloyd Kavanagh

APOLOGIES

Nil

CLIMATE-RELATED DISCLOSURES PROJECT

The Board:

- a) **RECEIVED** a paper from Management updating the Board on the project planning to ensure we can meet the deadlines associated with producing the Climate Related Disclosures, alongside 2024 year-end reporting, in line with the Aotearoa New Zealand Climate Standards.
- b) **NOTED** the report and the project plan.

Ireen Muir

Manager Schemes

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

Level 12, The Todd Building, 95 Customhouse Quay, Wellington and by Teams video conference.

Date

Wednesday, 15 November 2023 commencing at 10.00 am.

PRESENT

Edward Schuck (Chair)
Sarah Park (Deputy Chair)
Tracey Berry
Lloyd Kavanagh
Louise Edwards
Graham Ansell

IN ATTENDANCE

Tim Mitchell, CE
Michelle Tsui
Ireen Muir (for secretariat function and for item 5)
Fiona Morgan, for items 3 and 4
Hadyn Hunt for items 3 and 4
Anthony Halls* and Sean Wakelin for items 5 and 6
Lawrence Young for item 5.5 and 6

APOLOGIES

S9(2)(a)

VISITORS

Nil

* Denotes participants joined the meeting via video conference.

BOARD ONLY TIME

The Board met initially on its own. The Board discussed how to approach significant agenda items and decided that further discussion of items 6.3 (RI Progress Report) and 6.4 (CRD Project update) should be deferred until the 6th of December meeting to ensure sufficient time is allowed for discussion. The Board **RECEIVED** training from Ms. Tsui on how DB Schemes work with a focus on DBPC and Aircrew.

The Board met with the CE. The Board **REQUESTED** a revised version of the one-page NPF Strategy document prepared in September.

SPECIFIC INTERESTS

All Board members confirmed there were no specific interests to declare.

1. MINUTES

1.1 Board Meeting Minutes

The Board **APPROVED** the minutes of the Board meetings held on 10 August 2023, 13 September 2023, and 15 September 2023.

1.2 Noting of Board Strategy Meeting Notes

The Board:

a) **NOTED** the notes from the Board Strategy meeting held on 9 August 2023.

- b) **RECEIVED** confirmation from CE that the draft one-page strategy provided by Ms. Berry will be circulated to all Board members.

1.3 Committee Meeting Minutes

The Board **NOTED** the draft minutes of the Investment Committee meeting held on 26 October 2023.

2. ADMINISTRATION

2.1 Interests Register

The Board **NOTED** the Interests Register and **REQUESTED** the following changes:

- a) **S9(2)(a)** appointment as **S9(2)(a)** **S9(2)(a)** ceased in September 2023.
- b) **S9(2)(a)** appointment on the investment committee for **S9(2)(a)** which is yet to commence.

2.2 Matters Arising

The Board:

- a) **NOTED** the matters arising.
- b) **RECEIVED** confirmation from the CE that the items arising from the Strategy Day have been recorded as preliminary items and will be rationalised when they are considered in detail at Management's strategy day.

2.3 Work Plan

The Board:

- a) **NOTED** the work plan and that the schedule for February 2024 includes a high workload.
- b) **RECEIVED** confirmation from the CE that most items scheduled for February 2024 relate to the Investment Framework review and it is likely that they will be combined.
- c) **NOTED** that Minister of Finance's letter of expectations is usually received in December but may be delayed due to change in Government and that Treasury representatives are currently scheduled to attend the February 2024 Board meeting.

2.4 Delegated Decisions

The Board **NOTED** the following papers:

- a) Use of Common Seal.
- b) Documents signed on behalf of the Board.

2.5 Annuitas Management Report

The Board:

- a) **NOTED** the paper and **RECEIVED** a verbal update from the CE on the progress made on human resource architecture and constitutional document review.
- b) **ACKNOWLEDGED** **S9(2)(a)** long service and passed on their gratitude for her commitment and service.

3. **FINANCE**

3.1 **Scheme Accounts as at 30 September 2023**

The Board:

- a) **RECEIVED** a verbal overview from S9(2)(a) on the results to 30 September 2023.
- b) **NOTED** and **DISCUSSED** the report incorporating the Scheme Financial Statements for the six months to 30 September 2023.

3.2 **BOT and Board Reserves as at 30 September 2023**

The Board:

- a) **RECEIVED** a verbal overview from S9(2)(a) on the results to 30 September 2023.
- b) **NOTED** the financial statements of the Board of Trustees for the six months ending 30 September 2023.
- c) **NOTED** the financial statements of the Board Reserves, for the six months ending 30 September 2023.

3.3 **Taxation of Hedging Gains and Losses**

The Board:

- a) **NOTED** and **DISCUSSED** the report.
- b) **AGREED** that the Global Asset Trust (GAT) continue to treat the gains and losses on the hedges under the financial arrangement rules rather than Fair Dividend Rate method.

3.4 **Annuitas Annual Report Resolutions**

The Board **CONFIRMED** Dr. Ed Schuck and Ms. Sarah Park as the Board's representatives at the Annual General Meeting of Annuitas to be held on 21 November.

4. **RISK**

4.1 **CRO Report**

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **RECEIVED** confirmation from S9(2)(a) that guidance had been issued to staff on use of AI, and while use of AI is permitted, no proprietary information can be input, and results need to be checked for accuracy and reasonableness.

4.2 **Key Risk Profile and Register**

The Board:

- a) **RECEIVED** a verbal update from S9(2)(a) that there have been no changes to existing risks. While there are assurance programmes in place for some artefacts, additional work is required, and an initial report will be presented to the Audit and Risk Review Committee (ARRC) in Q1 2024.
- b) **REQUESTED** the development of the assurance programme include prioritising by reference to key and critical risks, with ARRC and the Board having an opportunity to provide input into the prioritising. Also requested the risk of fraud be assessed for inclusion in the assurance programme.

5. SCHEMES

5.1 National Provident Pension Scheme (NPPS) -2023 Projections

The Board:

- a) **RECEIVED** a verbal overview of the paper from **S9(2)(a)**.
- b) **DISCUSSED** and **NOTED** the paper and following matters:
 - (i) Pension increases are at the discretion of the Board and made by reference to the NPPS's Financial Management Policy (Policy).
 - (ii) The Policy permits a pension increase to be considered if the funding level is above 108% as at financial year end and is not required to take CPI into consideration.
 - (iii) If a pension increase is given, it would take effect at the date determined by the Board, but that date would need to be post the finalisation of the annual audited financial statements.
 - (iv) The Policy will be reviewed in 2025, and there is scope to revise the funding level threshold above which pension increase can be considered.
 - (v) Management will continue to monitor NPPS' funding level, investment strategy, membership, and costs.

5.2 Defined Contribution Schemes – 2023 Projections

The Board:

- a) **NOTED** the paper covers the following schemes:
 - (i) Pension National Scheme (PNS);
 - (ii) Lump Sum National Scheme (LSN);
 - (iii) Meat Industry Scheme (Meat).
- b) **RECEIVED** a verbal overview of the paper from **S9(2)(a)**.
- c) **DISCUSSED** and **NOTED** the paper and following matters:
 - (i) The schemes have diminishing membership and increasing costs as a percentage of assets.
 - (ii) **S9(2)(i)** [REDACTED]
 - (iii) **S9(2)(i)** [REDACTED]
 - (iv) The next SAA review as scheduled in 2025.
 - (v) Management will continue monitoring membership and costs annually.
 - (vi) Management will, through the scheme administrator, make additional efforts to locate members without a current address **S9(2)(i)** [REDACTED]
 - (vii) **S9(2)(i)** [REDACTED]

5.3 Lump Sum Cash Accumulation Scheme – 2023 Projections

The Board:

- a) **RECEIVED** a verbal overview of the paper from **S9(2)(a)**.
- b) **DISCUSSED** and **NOTED** the paper and following matters:
 - (i) The next SAA review is scheduled in 2025.
 - (ii) Management will continue monitoring membership and costs annually.
- c) **REQUESTED** the assurance programme (refer item 4.2) include assurance on calculation methodologies generally and in particular the calculation of member's share of any reserves in the LSCA, in that the share is determined at the time the member's benefit becomes payable and will not include amounts accumulated within the LSCAS before the member joined.

5.4 DBP Contributors Scheme – 2023 Projections and SAA Review

The Board:

- a) **RECEIVED** a verbal overview of the paper from **S9(2)(a)**.
- b) **DISCUSSED** and **NOTED** the paper and following matters:
 - (i) The Trust Deed for the DBPC was amended in 2023 to allow contributors to receive a retirement benefit without having to leave service at an earlier age of 60 rather than 65. Additional provisions were included to clarify the Board's right to make an election on behalf of non-contributing members by giving six months' notice if no election is made by the age of 65. There is no adjustment to the retirement pension factors for the reduced life expectancy of contributors who elect to take their pension after the age of 65. **S9(2)(g)(i)**
 - (ii) **S9(2)(g)(i)** A notice of the trust deed amendments and bespoke letters advising members of their entitlements will be sent out by the end of the year.
 - (iii) DBPC is short duration, very cashflow negative, and has relatively less predictable future cashflows due to the small number of members. DBPC's short duration means there is less time to take advantage of any future investment gains. Given DBPC has a current funding level just above 100% and will require liquidity in the near term it is appropriate to amend the asset allocation.
 - (iv) Where DBPC has insufficient assets to meet the benefits payable by it, a call may be made on the Crown guarantee under section 60 of the NPF Act. With approval from the Minister of Finance, the Board Reserves may be used to assist with the closure of a scheme where there is a deficit at end of life.
 - (v) Management will, through the scheme administrator, make additional efforts to locate members without a current address. The associated reasonable costs will be offset against the relevant members' interests.
- c) **CONSIDERED** amending the SAA to 100% cash or a combination of cash and NZ fixed interest with a view to matching the duration of portfolio to that estimated by the Actuary. Received confirmation from Management that since the last actuarial review the Trust Deed has been amended to allow members to be able to elect their retirement options at an earlier age of 60 years without having to cease employment. As a result, the duration of the liabilities is uncertain and shorter than that estimated by the Actuary given the majority of members are **S9(2)(g)(i)**. If a member elects a pension, their entitlement and future pension liability is transferred to the DBPA Scheme. In addition, non-contributing members who are over 65 can be moved the DBPA on giving 6

months' notice. Accordingly, the Board **CONCLUDED** that investing 100% of the assets of DBPC in cash was appropriate.

- d) **APPROVED** changing the asset allocation to 100% Cash Unit Fund) effective 1 December 2023:

	Current	New
C Unit	43%	100%
F2 Unit	27%	0%
O Unit	24%	0%
E Unit	6%	0%

5.5 Aircrew Superannuation Scheme – 2023 Projections and SAA Review

The Board:

- a) **RECEIVED** a verbal overview of the paper from **S9(2)(a)**.
- b) **DISCUSSED** and **NOTED** the paper, including:
- (i) The fund size being **S9(2)(i)** as at 31 October 2023;
 - (ii) **S9(2)(i)**
 - (iii) Requirements under Section 44 of the National Provident Fund Restructuring Act 1990 when recommending employer contribution rates or other actions to the Minister of Finance.
 - (iv) Members can elect different entitlement options under the Trust Deed.
 - (v) The current funding level and TA/TB ratio estimates as per the report and the Actuary's projections to 2025 in her valuation report as at 31 March 2023.
- c) **APPROVED** no immediate change to the current SAA of 60% F Unit, 32% O Unit, and 8% E Unit.
- d) **S9(2)(j)**
- e) **APPROVED** continuing to target a TA/TB ratio of 100% as the investment objective for Aircrew.
- f) **APPROVED** amending the Financial Management Policy (Policy) effective 15 November 2023, *to replace the current 105% TA/TB ratio for de-risking the Scheme with a discretion on Management to de-risk the asset allocation if/and when the TA/TB ratio reaches a level at which the de-risked asset allocation is expected to deliver a return that reaches 100% TA/TB ratio over the projected weighted average maturity.* This discretion may be exercised without the upper limit of 105% being triggered and **REQUESTED** that the Chair of the Investment Committee be advised before this discretion is exercised.
- g) **APPROVED** the new de-risked asset allocation as shown below and **REQUESTED** the Policy be amended to reflect the Board's approvals.

	Current SAA	De-risked SAA in the Policy (to be implemented if TA/TB ratio reaches 105%)	Replacement De-risked SAA to be incorporated in the Policy subject to condition shown below*
C Unit	-	42%	60%
F Unit	60	-	-
F2 Unit	-	38%	40%
O Unit	32%	15%	0%
E Unit	8%	5%	0%

* Discretion conferred upon Management to de-risk the asset allocation if/and when the TA/TB ratio reaches a level at which the de-risked asset allocation is expected to deliver a return that reaches 100% TA/TB ratio *over the projected weighted average maturity.*

5.5 Schemes Update

The Board **DISCUSSED** and **NOTED** the paper.

5.6 Schemes - Metrics

The Board **DISCUSSED** and **NOTED** the paper.

5.7 Insurance Renewal Update 2023

The Board:

- a) **NOTED** the paper and the renewal of the insurance policies to 2024.
- b) **NOTED** a correction to the paper – the increase in insurance costs to NPF from 2023 is lower at \$4308.29.
- c) **S9(2)(i)**

5.8 Management decisions made under delegations

The Board **NOTED** the paper.

6. **INVESTMENTS**

6.1 Review of SIPSP Compliance

The Board:

- a) **RECEIVED** verbal update from **S9(2)(a)** that an evidence-based substantiation process has been developed for the full SIPSP and there was no substantive non-compliance with the SIPSP.
- b) **NOTED** Russell Investments provided an independent report on SIPSP compliance and did not find any instances of non-compliance.
- c) **NOTED** that on the basis of a review of all requirements of the SIPSP, **S9(2)(a)** attested that he is satisfied the SIPSP has been complied with.

6.2 CIO Report

The Board:

- a) **RECEIVED** a verbal overview of the report from **S9(2)(a)**.
- b) **NOTED** the report.
- c) **AUTHORISED** the granting of the Power of Attorney to Standard Chartered Bank Korea Limited and execution of the Power of Attorney under its common seal using the electronic signatures of Dr. Schuck and Mr. Ansell (both consented to the use of their electronic signature).

6.3 Responsible Investments Progress Update

The Board **NOTED** this paper will be presented at the Board meeting scheduled for 6 December 2023.

6.4 Climate Related Disclosures Project Update

The Board **NOTED** this paper will be presented at the Board meeting scheduled for 6 December 2023.

8. OTHER BUSINESS

The Board:

- a) **NOTED** CE's advice that a shorter version of the survey has been sent to Board members to seek feedback on papers and quality of discussion at this meeting.
- b) **NOTED** that in future there will be a sharper delineation of meaning when using the terms "Management" and "Annuitas".

There being no other business, the meeting finished at 1.43 pm.

NEXT MEETING: The next meeting of the Board will be held in Wellington and by Teams video conference, and is currently scheduled for **Wednesday, 6 December 2023 commencing at 9.30 am.**

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Minutes of a meeting of

BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND (the Board)

Venue

Level 12, The Todd Building, 95 Customhouse Quay, Wellington and by Teams video conference.

Date

Wednesday, 6 December 2023 commencing at 9.30 am.

PRESENT

Edward Schuck* (Chair)
Sarah Park* (Deputy Chair)
Tracey Berry*
Lloyd Kavanagh*
Louise Edwards*
Graham Ansell*

IN ATTENDANCE

Tim Mitchell, CE
Michelle Tsui*
Ireen Muir (for secretariat function)
Fiona Morgan, Hadyn Hunt*, Anthony Halls, Holly Marshall and Chandra Quarmby

APOLOGIES

Nil

VISITORS

Nil

* Denotes participants joined the meeting via video conference.

SPECIFIC INTERESTS

All Board members confirmed there were no specific interests to declare.

1. KEY PAPERS

1.1 Climate Related Disclosures Project Update

The Board:

- a) **NOTED** the report and **RECEIVED** an overview from the CE that the paper provides an update only on how the disclosures are being approached structurally. It includes narrative, where it could be provided currently, and another iteration will be provided to the Board in February 2024.
- b) **NOTED** and **DISCUSSED** the draft disclosures: summary of comments is noted below.
 - (i) Include statements that reflect current position rather than forward-looking statements on what we will do in the future.
 - (ii) Provide to the Board for its consideration additional detail on scenario analysis, together with information on how scenario planning has been approached, and comparative against disclosures made by other entities who are doing so voluntarily.
 - (iii) Provide the whole of document format, such as the cover page and introduction.
 - (iv) Include a clear narrative at the beginning of the report that it has been produced using whole of organisation approach and that disclosures are being made voluntarily.
 - (v) Provide due diligence substantiating all statements.
 - (vi) Provide clarity on which entity is doing what i.e. NPF portfolios vs Board of Trustees of NPF.

- (vii) Provide additional information on cost of compliance as the costs are borne by members and have an impact on the Crown guarantee.
- (viii) Consider following guidance issued by the Financial Markets Authority on record keeping.
- c) **NOTED** comments and clarification from Management that most matters noted above are being addressed and will be incorporated in the next update.
- d) **NOTED** the Board is yet to approve the scenarios to be adopted for reporting and the associated narrative. **NOTED** that management have been working closely with XRB, the Guardians of New Zealand Super (GNZS), Parliamentary Commission for Environment, other CFIs, and the Boutique Investment Group on scenario planning. XRB has set two scenarios which would be accepted. S9(2)(g)(i) [REDACTED]
- e) **NOTED** that as part of the project, consideration needs to be given to content of investment management agreements and directions given to investment managers to ensure there is a clear alignment to the Board's climate related strategies.
- f) **THANKED** the team for the considerable effort with this project.

1.2 Responsible Investment (RI) Progress Report

The Board:

- a) **NOTED** the report.
- b) **NOTED** the proposed Reporting Framework aligned across existing public commitments on the Crown Responsible Investment Framework and as Paris-Aligned Asset Owner signatories.
- c) **NOTED** NPF will be listed as an Asset Owner signatory of Climate Action 100+ on their website alongside more than 600 institutional investors as a participant (including GNZS and Government Superannuation Fund Authority), and other approved public commitments pertaining to RI will be published on NPF's website under Investment Publications.
- d) **NOTED** that S9(2)(g)(i) [REDACTED]
- e) **DISCUSSED** the letter sent to the top 50 companies listed on the New Zealand Stock Exchange as noted in the Reporting Framework and **NOTED** that letter is advocacy based. **REQUESTED** the word "engagement" in the heading "Emerging: CFI Climate Change Engagement" in the Reporting Framework be amended to "advocacy".
- f) **REQUESTED** management clearly communicate with the appointed NZ Investment Managers to ensure they understand the Board's responsible investment commitment.
- g) **THANKED** S9(2)(a) [REDACTED] on her commitment on RI initiative.

1.3 Policy Approval – Acceptable Conduct Policy

The Board:

- a) **APPROVED** the policy subject to the following:
- (i) Under Clause 3 Conflicts of interest paragraph 5 – expand to include trusts and other corporate interests.
- (ii) Incorporating additional wording provided by Ms. Park in relation to social media.
- b) **REQUESTED** management confirm via email when the last acceptable conduct declaration was completed by the Board.

1.4 Audit & Risk Review Committee (ARRC) Terms of Reference Approval

The Board:

- a) **NOTED** that while Climate Related Disclosures will be reviewed by ARRC, they will be presented to the Board for approval.
- b) **APPROVED** the updated ARRC Terms of Reference subject to the following change (shown in italics) being incorporated:
"Recommend (*or not*) the appointment of the auditor to provide assurance of Climate Related Disclosures."

2. GENERAL BUSINESS

There being no other business, the meeting finished at 10.50 am.

NEXT MEETING: The next meeting of the Board will be held in Wellington and by Teams video conference, and is currently scheduled for **Thursday, 15 February 2024 commencing at 10.00 am.**