

### **Guardians support world-wide campaign on UN Global Compact (October 2008 web post)**

The Guardians of New Zealand Superannuation is playing a key role in a new initiative to encourage listed companies around the world to adopt international standards on human rights, working conditions, the environment and anti-corruption.

This global shareholder initiative is being organised by a group of 52 investors who manage around US\$4 trillion in assets. The group is writing to over 8900 listed companies in the MSCI World, FTSE All-World and IFC Emerging Markets Indices to ask them to sign the United Nations Global Compact. The Guardians are part of the steering group responsible for the campaign.

The Guardians' Responsible Investment Policy adopts the United Nations Global Compact as a key standard against which to monitor corporate practice. It underlines the Guardians' commitment as shareholders to encourage better corporate practices across global markets

The Global Compact enshrines universally accepted standards such as the United Nations Declaration of Human Rights. They provide a framework to help companies manage environmental risks, employee conditions, societal concerns and the risk of corruption, and incorporate these into their business strategy and risk management.

Evidence shows businesses that embrace such standards perform best over the long term. That is why it makes sense for the Guardians as long term investors to encourage companies to sign up to the Global Compact.

The initiative was launched in London on the 27 October 2008 by the United Nations Principles for Responsible Investment and the Global Compact. For further information see [www.unpri.org](http://www.unpri.org)

### **Guardians of New Zealand Superannuation implement first steps for cluster munitions divestment (June 2008 web post)**

Based on the Treaty definition of cluster munitions agreed at the Dublin Conference on Cluster Munitions on 30 May, the Guardians have started to screen their holdings in the Fund to identify companies involved in the manufacture of cluster munitions. The review is being conducted using specialist research agencies with expertise on this issue. The Guardians will also engage with certain companies to urge them to cease involvement in the manufacture of cluster munitions, where there is a realistic possibility that they may do so. These steps will be completed before the signing ceremony for the Convention which will be held in Oslo, Norway, later this year. Upon New Zealand signing of the Treaty, we will issue directives to our managers to exclude and divest from companies that have been identified for their involvement in the manufacture of cluster munitions.

### **Guardians of New Zealand Superannuation become a signatory to the Investor Group on Climate Change project (June 2008 web post)**

The Guardians joined the Investor Group on Climate Change (IGCC) in April 2008. The IGCC is a collaboration of Australian and New Zealand investors focusing on the impact that climate change has on the financial value of investments. Today it consists of twenty institutional investors operating in Australia and New Zealand, including superannuation funds, insurance companies, fund managers and other financial services providers. It represents total funds under management of over AU\$496 billion. The IGCC aims to ensure that the risks and opportunities associated with climate change are incorporated into investment decisions for the ultimate benefit of investors. The Guardians are signatories to the Carbon Disclosure Project (CDP), the world's largest investor initiative on climate change. The IGCC is the secretariat for CDP in the Australian and New Zealand market. The Guardians' decision reinforces their commitment to responsible investment and supports IGCC's objective to integrate important climate change considerations into investment analysis in this region.

## **Guardians of New Zealand Superannuation announce intention to exclude companies involved in cluster munitions manufacture (April 2008 web post)**

The Guardians announced their intention to exclude from the New Zealand Superannuation Fund companies that remain involved in the manufacture of cluster munitions. The New Zealand Government is working to conclude negotiations during 2008 on an internationally binding treaty on cluster munitions. Negotiations are managed through the Oslo Process. International support for the Oslo Process was demonstrated at the recent Wellington conference when 82 States subscribed to the Wellington Declaration. The Guardians will implement their exclusion plan upon New Zealand signing the new treaty. [Click here](#) for background information on the Guardians' decision on the issue of cluster munitions.

## **Guardians of New Zealand Superannuation Consider Oslo Process in their review of Cluster Munitions (February 2008 web post)**

Over recent months the Guardians have been assessing the issue of the Fund's investment in companies potentially involved through parts of their business in cluster munitions manufacture. This assessment is in relation to the Guardians' responsible investment duties (see our [Responsible Investment in Practice Report November 2007](#)).

In February 2007, New Zealand signed the Oslo Declaration with several other nation states and launched the Oslo Process to negotiate a new international convention on cluster munitions.

The [Wellington Conference on Cluster Munitions](#), and a follow-up conference in Dublin in May of this year play a key role in the Oslo Process.

Outcomes of the Wellington Conference and wider Oslo Process should assist the Guardians' - and no doubt that of many other investors' - deliberations in this complex area. The conference outcomes should provide information on any developing international convention on cluster munitions to which New Zealand may become a signatory, and any other Crown actions the Government may undertake. It is also possible that clarity is reached on the definition of cluster munitions, and hence exactly what is deemed as involvement in their manufacture.

When investing, the Guardians are required to avoid prejudicing New Zealand's reputation as a responsible member of the world community and apply best-practice portfolio management. Hence, we must be careful in our decisions to engage with companies, or at the extreme, divest or exclude them. International conventions, New Zealand law, Crown actions, and companies' involvement and activities, are key factors the Guardians consider within their responsible investment framework.

The Fund has over 3,000 stock holdings, all of which are purchased by external investment managers. Assessing potential responsible investment issues is a significant challenge for the Guardians - as it is for many fund managers with similar responsible investment requirements. The Guardians take their commitment in this area seriously, and follow global best practice, in particular, the United Nations Principles for Responsible Investment (UN PRI).

The Guardians' assessment of the cluster munitions issue follows on from their recent finalisation of a responsible investment decision-making framework, and decisions on whaling, landmines, and tobacco divestment (please read further below).

### **Commerce Committee report on Guardians' Responsible Investment activities (February 2008 web post)**

The Commerce Committee's report to the NZ House of Representatives on Petition 2005/133 by Russel Norman, stated that the committee was impressed with the Guardians activities as responsible investors, and brought attention to the Guardians' Responsible Investment framework, investment monitoring, and other actions in this area. Petition 2005/133 requested that the Commerce Committee review the Guardians' activities in Responsible Investment. For further information [click here](#).

### **UN Global Compact Engagement (February 2008 web post)**

The Guardians have joined other UN PRI signatories in writing to 103 companies, in more than 30 countries, to recognise those that are leaders in reporting their progress on the UN Global Compact principles, while pressing laggards to improve their performance. The focus of the engagement, led by Morley Fund Management, is to strengthen adherence to the Global Compact requirement to produce an annual Communication on Progress report. The UN Global Compact is the world's largest corporate responsibility initiative requiring commitment from CEOs to integrate into their businesses 10 principles on human rights, labour standards, the environment and anti-corruption. The Guardians' Responsible Investment Policy adopts the UN Global Compact as a key standard against which to monitor corporate practice, and as an indicator of a company's ability to manage environmental, social and governance risks. For further information see the [press release from the lead signatory](#).

### **Carbon Disclosure Project (February 2008 web post)**

The Guardians have again participated in The Carbon Disclosure Project (CDP), a collaborative initiative of 385 institutional investors, with assets under management of \$57 trillion, which has issued its 2008 information request to the world's largest corporations. The CDP asks companies to measure and disclose their greenhouse gas emissions and report on their strategy for dealing with risks and opportunities associated with climate change. The resulting information will be held on the CDP website, the largest database in the world on corporate climate change information. CDP requested information from over 3,000 companies, up from 2,400 in 2007. It has launched operations in five new geographies and widened its scope in many existing regions. The CDP information request focuses on the following factors that may affect the value of a company:

- Total greenhouse gas emissions;
- Regulatory risk/opportunity (e.g. limits on emissions);
- Physical risk/opportunity (e.g. changes in weather patterns impacting operations);
- Consumer sentiment risk/opportunity (e.g. reputation);
- Steps taken to manage and reduce emissions.

For further information [click here](#).

### **Guardians of New Zealand Superannuation announce intention to divest tobacco stocks (October 2007 web post)**

The Guardians decided to divest tobacco stocks from the Fund's segregated portfolios following an assessment of the tobacco sector against the Guardians' responsible investment framework. This decision was based on product safety issues and New Zealand's commitment to specific international conventions. Click [here](#) for background information on tobacco divestment decision.

## **Guardians of New Zealand Superannuation become a signatory to the Carbon Disclosure Project (February 2007 web post)**

In January 2007, the Guardians of New Zealand Superannuation became signatories to the **Carbon Disclosure Project (CDP)**. The CDP provides a secretariat for the world's largest institutional investor collaboration on the business implications of climate change. The primary objective of the CDP is to improve corporate disclosure of information on greenhouse gas emissions (GHG) including a risk analysis and comparable data. The CDP produces separate regional or country reports including a report for Australia and New Zealand. The CDP website is now the largest registry of corporate GHG in the world.

Since inception, the percentage of companies reporting on GHG emissions has been improving, with the drive for disclosure, in itself, leading to many companies putting in place management systems and targets for GHG reduction. The CDP is a good example of a shareholder initiative leading to improvements in management of a key environmental risk.

The CDP is a very efficient means of working with other institutional investors to improve the information available to investors on climate change risk. This supports the commitment we have made under the UN PRI to promote the integration of environmental, social and governance issues into investment analysis. The CDP initiative is well established and supported by many of the world's largest institutional investors.

## **Guardians of New Zealand Superannuation issue divestment instructions to investment managers (December 2006 web post)**

The Fund divested the following securities from its segregated portfolios due to non-compliance with the responsible investing policy.

The Fund divested Singapore Technologies Engineering Ltd for its involvement in the production of anti-personnel mines (Board decision on 20 September 2006).

The Fund divested Alliant Techsystems Inc, General Dynamic Corp and Textron Systems Corp for their involvement in the development of anti-personnel mines (Board decision on 10 August 2006).

The Fund identified Maruha Group Inc for divestment for its involvement in the processing of whale meat but this security was sold by the manager prior to the divestment instruction being issued (Responsible Investing Committee recommendation on 31 July 2006).

The Fund's investment managers have been informed that these stocks are to be excluded from the Fund's portfolio.