

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 Zoom video conference

Date

Wednesday, 9 February 2022 commencing at 10.00 am

PRESENT

Edward Schuck (Chair)*
Stephen Ward
Louise Edwards
Graham Ansell*
Daniel Mussett*
Sarah Park

IN ATTENDANCE

S9(2)(a)
S9(2)(a)
S9(2)(a)
Hadyn Hunt
Ireen Muir
S9(2)(a) (for item 3.9)

* Denotes participants joined the meeting via Zoom.

The Board initially met in the absence of Management.

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

1. MINUTES OF THE BOARD MEETINGS

The Board **APPROVED** the minutes of the meeting held on 6 December 2021.

2. ADMINISTRATION

2.1 Matters Arising

The Board

- a) **NOTED** and **DISCUSSED** the Matters Arising; and
- b) **REQUESTED** that Management feedback on Board Strategy Paper (item 71) be presented at next Board meeting.

2.2 Long Term Work Calendar

The Board:

- a) **NOTED** the Long Term Work Plan;
- b) **NOTED** the review of the Liquidity Policy and Rebalancing Policy (shown as red items) has been moved to the April-June quarter Board meeting;
- c) **NOTED** the Expense Benchmarking has been included in the February meeting as item 5.3;
- d) **REQUESTED** the Work Plan be updated to reflect reviews of the Currency Hedge Ratio and Other Potential Asset Classes are undertaken annually;
- e) **AGREED** and **REQUESTED** the Work Plan be amended to show actual meeting dates rather than quarterly periods;

- f) **NOTED** it is ideal to meet Datacom face to face at the Board meeting and **REQUESTED** Datacom be invited to attend the March Board meeting (but by zoom if necessary).

2.3 Interests Register

The Board:

- a) **NOTED** the Interests Register; and
- b) **REQUESTED** the Interests Register be amended to note that **S9(2)(a)**, as of 9 March 2022, has resigned as director of **S9(2)(a)**.

3. KEY PAPERS

3.1 Chief Executive's Overview

The Board:

- a) **NOTED** the report;
- b) **NOTED** Annuitas has a policy that all staff are encouraged to have their Booster within 2 months of becoming eligible and that it is prepared for "Total work from home for Annuitas" given Omicron spread;
- c) **NOTED** staff 'strengths insight guide' resulting from the Catapult training on 3 December 2021; and
- d) **DISCUSSED** personnel changes at Treasury.

3.2 Health, Safety and Wellness Update

The Board **NOTED** the Health and Safety Update and the dashboard.

3.3 Draft Response to Minister of Finance on Annual Letter of Expectations

The Board:

- a) **NOTED** the difference between 2020 and 2021 Enduring Letter of Expectations;
- b) **DISCUSSED** the draft response and suggested changes to the wording as follows:
- Page 2, para 4 remove the word "substantially";
 - Page 2, para 5 include additional wording confirming compliance with TCFD;
- c) **DELEGATED** approval to Edward Schuck of the final letter to the Minister of Finance; and
- d) **REQUESTED** as a separate matter, Management consider excluding stocks relating to Tobacco from the investment portfolio and revert with a recommendation to the Board.

3.4 Investment Sub Beliefs

The Board:

- a) **THANKED** **S9(2)(a)** for drafting the paper;
- b) **DISCUSSED** the rationale for having separate investment sub-beliefs in writing;
- c) **AGREED** that separate investment sub-beliefs are not required;
- d) **REQUESTED** the draft investment sub-beliefs paper be provided to the Investment Committee to consider whether any changes are required to the core Investment Beliefs.

3.5 Redraft of Statement of Investment Policies, Standards and Procedures (SIPSP)

The Board:

- a) **NOTED** that the changes to the SIPSP are stylistic rather than substantive;
- b) **REQUESTED** a tracked re-draft of the SIPSP be provided at the next Board meeting incorporating comments provided by the Board.

3.6 Climate Change TCFD Report/Responsible Investment Update

The Board:

- a) **NOTED** and **DISCUSSED** the MSCI Carbon Analytics of NPF global and NZ equities at 31 December 2021 (Appendix 1);
- b) **CONSIDERED** publication of the revised Climate Change Report and **AGREED** that the annual Chair letter to members would include a brief commentary and reference the full Climate Change Report which would be published on the website;
- c) **REQUESTED** the Climate Change Report be redrafted to incorporate comments from the Board (to be provided outside the meeting) and **NOTED** that the report will be updated at 31 March 2022 for publication on NPF's website.

3.7 Investment Managers Survey of Environmental, Social and Governance (ESG) Factors and Climate Risks and Opportunities (CRO)

The Board **NOTED** the paper and Appendix 3.7.1 showing the results of the annual survey of NPF fund managers to determine the extent to which ESG and CRO factors affect their investment processes.

3.8 Agreement between the Government Superannuitants Association and the Board of Trustees of the National Provident Fund

The Board:

- a) **APPROVED** the Agreement;
- b) **APPROVED** any two authorised signatories to execute the Agreement under Common Seal on behalf of the Board.

3.9 NPPS Pension Increase Decisions

The Board:

- a) **NOTED** the opinion from the Actuary on mortality risk;
- b) **NOTED** the recommendations made by Management;
- c) **RESERVED** its decision on the mortality risk reserve, investment risk reserve, pension increase policy, pension increase until the financial management framework is finalised, whilst noting the commitment to communicate its decision to members before 31 March 2022; and
- d) **REQUESTED** Messrs E Schuck, D Mussett and G Ansell meet with Management to agree the next steps to finalise the financial management framework for NPPS and then revert to the full Board with a recommendation on any pension increase from 1 April 2022.

4. INVESTMENTS

4.1 Quarterly Investment Report (QIR)

The Board **NOTED** the report for the period ended 31 December 2021.

4.2 Investment Update

The Board:

- a) **NOTED** the Investment Update; and
- b) **APPROVED** the lower Management fees for **s9(2)(i)**;
- c) **APPROVED** the subscription to BMO, subject to the fees being confirmed by Management.

5. SCHEMES

5.1 Schemes Update

The Board:

- a) **NOTED** the paper;
- b) **REQUESTED** their favourable feedback on the one-page summary report be given to Datacom; and
- c) **NOTED** Management update that the actuarial agreement is being reviewed by DLA Piper and once finalised **REQUESTED** that it be sent to the Board for approval by circulation.

5.2 Schemes Update - Metrics

The Board **NOTED** the paper.

5.3 Schemes – Benchmarking Scheme Costs

The Board **NOTED** the paper [REDACTED] S9(2)(j).

6. FINANCE

6.1 NPF Schemes Results to 31 December 2021

The Board **NOTED** the report incorporating the Scheme Financial Statements for the nine months to 31 December 2021.

6.2 Board and Board Reserves – Results to 31 December 2021

The Board:

- a) **NOTED** the financial statements of the Board of Trustees for the nine months ending 31 December 2021.
- b) **NOTED** the financial statements of the Board Reserves, for the nine months ending 31 December 2021.

7. PAPERS FOR NOTING

The Board **NOTED** the minutes of the ALCO Committee meetings held on 17 November 2021, 16 December 2021, and 17 January 2022.

8. DELEGATED DECISIONS

8.1 Use of Common Seal

The Board **NOTED** the report covering the period 26 November 2021 to 30 January 2022.

8.2 Documents signed on behalf of the Board

The Board **NOTED** the report covering the period 26 November 2021 to 30 January 2022.

8.3 Management decisions made under delegated authority

The Board **NOTED** the report covering the period 26 November 2021 to 30 January 2022.

9. OTHER BUSINESS

Nil.

There being no other business, the meeting finished at 1.05 pm.

NEXT MEETING: The next scheduled meeting of the Board will be held in Wellington commencing at **8.30 am** on **Tuesday 29 March 2022**.

Minutes of a meeting of

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

Venue

By circulation

Date

Wednesday, 9 March 2022

PRESENT

Edward Schuck (Chair)
Stephen Ward
Louise Edwards
Sarah Park
Graham Ansell
Daniel Mussett

APOLOGIES

Nil

NPPS Financial Management policy, Pension increase determination and Letter to Members

The Board **RECEIVED:**

1. a draft of the "National Provident Pension Scheme Financial Management Policy" marked **APPENDIX 1** that had been circulated to the Board and Management;
2. a recommendation that based on funding level of the Scheme as at 28 February 2022 of 108.4% a pension increase not be granted effective as at 1 April 2022 but further consideration be given to pension increases when completing the financial statements for the year ended 31 March 2022; and
3. a proposed letter marked **APPENDIX 2** to be sent to all relevant members.

The Board,

1. **APPROVED** the National Provident Pension Scheme Financial Management Policy as per **APPENDIX 1**;
2. **DETERMINED** a pension increase not be granted effective as at 1 April 2022 and that further consideration be given to pension increases when completing the financial statements for the year ended 31 March 2022; and
3. **APPROVED** the letter **APPENDIX 2** be sent to all relevant members of the scheme, subject to final changes.

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 Zoom video conference

Date

Tuesday, 29 March 2022 commencing at 8.30 am

PRESENT

Edward Schuck (Chair)*
Stephen Ward
Louise Edwards
Graham Ansell
Daniel Mussett*

APOLOGIES

Sarah Park

IN ATTENDANCE

S9(2)(a), CE
S9(2)(a), General Manager Investments*
S9(2)(a), General Manager Schemes
Hadyn Hunt*
Ireen Muir
S9(2)(a)*, Sean Wakelin (for item 3.5 -3.8 and 4)
Fiona Morgan, Chief Financial Officer (for item 3.9)

Visitors

S9(2)(a) from
Datacom at 9.30am for Item 3.3

* Denotes participants joined the meeting via Zoom.

The Board initially met in the absence of Management.

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

1. MINUTES OF THE BOARD MEETINGS

The Board **APPROVED** the minutes of the meeting held on 9 February 2022 and by circulation on 9 March 2022.

2. ADMINISTRATION

2.1 Matters Arising

The Board:

- a) **NOTED** and **DISCUSSED** the Matters Arising.
- b) **REQUESTED** item marked log 34 – Schemes Expense Projections be given priority.
- c) **NOTED** item marked log 70 is overdue and not contingent on updated Russell modelling and as per the minutes for the Investment Committee, updated recommendations on the asset allocations for the Aircrew Scheme, the DBP Contributors Scheme and the defined contribution schemes has been requested by the Investment Committee for consideration at its meeting on 3 May 2022.
- d) **RECEIVED** an update from the General Manager, Schemes on the Actuarial Agreement, including changes being made and fees and **REQUESTED** the Management covering paper and final draft of the Actuarial Agreement be circulated to the Board via Diligent for approval.

2.2 Long Term Workplan

The Board:

- a) **NOTED** the Long-Term Work Plan and rescheduling based on meeting dates.
- b) **NOTED** the Board self-review scheduled for the May Board meeting and **REQUESTED** the CE and Chair finalise the review questionnaire and circulate to Board members.
- c) **NOTED** the Investment Consultant review is scheduled for the June Board meeting and **REQUESTED** the terms of reference for the review be shared with the Investment Committee.

2.3 Interests Register

The Board **NOTED** the Interests Register and that there were no changes to record.

3. KEY PAPERS

3.1 Chief Executive's Overview

The Board:

- a) **NOTED** the report.
- b) **NOTED** updates on Covid 19 impacts on staff but all staff have access to systems that enable them to work efficiently either from home or the office.
- c) **NOTED** update on staff training and planned staff workshops.
- d) **NOTED** updates on progress of renovations of Annuitas office space and the reduced rent based on reduced space payable from 1 January 2022.
- e) **NOTED** the Russell's ESG Webinar is scheduled for 9-10am on Wednesday 20 April 2022 and **REQUESTED** the CE to send calendar invitations.
- f) **NOTED** the potential joint zoom presentation with Ministry of Finance and Crown Financial Institution (CFI) Boards at a time to be confirmed.
- g) **NOTED** CE confirmation that Annuitas staff are BCP ready, sufficient authorised signatories are available and that remote access to systems is checked every six months.

3.2 Health, Safety and Wellness Update

The Board **NOTED** the Health and Safety Update and the dashboard.

3.3 Datacom – Schemes Administration Services

9.30 am: [REDACTED] S9(2)(a) from Datacom joined the meeting.

The Board:

- a) **THANKED** [REDACTED] S9(2)(a) from Datacom for attending the meeting.
- b) **NOTED** the following in particular from Datacom's presentation:
 - new telephone network with reporting and monitoring capabilities;
 - staff are working from home and the pending office relocation;
 - [REDACTED] S9(2)(i) [REDACTED];
 - Datacom's efforts to maintain contact with members and pensioners and the "gone no address" process;
 - approximately 25% of members have elected to be contacted by email and have provided email addresses. Additional efforts are being made to increase the use of email; and
 - NPF and GSF are the only Datacom superannuation scheme clients requiring full

administration in Australasia. Datacom is a significant payroll provider and also provides other services including contact centre activities to large government departments.

c) **NOTED** the background paper prepared by Management, **DISCUSSE** [REDACTED] long term sustainability of the PIMS system, potential rewriting of the software or moving members to PAMS once there are only pensioners in the schemes.

d) [REDACTED] S9(2)(j) [REDACTED]

3.4 Board Strategy Paper

The Board **APPROVED** the paper and **REQUESTED** it be added to the Board induction pack.

3.5 Exclusion of Tobacco

The Board:

- a) **THANKED** [REDACTED] S9(2)(a) for the paper.
- b) **APPROVED** the exclusion of tobacco companies from the NPF portfolio on the same basis as the CFIs.
- c) **APPROVED** the Q&A (**Appendix 2**) intended to assist the Chair and CE in responding to any media enquiries that may arise.
- d) **NOTED** the SIPSP would be amended to reflect the exclusion of investment in tobacco companies.

3.6 Redraft of Statement of Investment Policies, Standards and Procedures (SIPSP)

The Board **APPROVED** the SIPSP subject to insertion of new wording for tobacco exclusion, further comments on its content, and formatting for publishing and **DELEGATED** the Chair to provide sign-off on the final version.

3.7 JPM Custody Fees

The Board **APPROVED** execution of the JP Morgan Addendum Fee Agreement under Common Seal by two authorised signatories.

3.8 Power of Attorney

The Board **APPROVED** execution of the Power of Attorney in favour of Russell Investments Implementation Services, LLC under Common Seal by two authorised signatories.

3.9 Expense Budget 2023

The Board:

- a) **REVIEWED** and **DISCUSSED** the proposed budget for the year to 31 March 2023.
- b) **NOTED** [REDACTED] S9(2)(i) investment management performance fees, which the CFO confirmed are correct from an accounting perspective.
- c) **NOTED** the travel budget and that all overseas travel (excluding Australia) is subject to prior approval by the Chair and that it was reasonable to budget for travel FYE 2023 noting there was limited ability to travel during 2020-2021.
- d) **APPROVED** the Gross Expense Budget of \$11.573 million and a Capital Budget of \$380,000 for the year to 31 March 2023.

4. INVESTMENTS

4.1 Investment Update

The Board:

- a) **NOTED** the Investment Update and verbal update provided by the General Manager Investments:
 - Preliminary estimated returns for the total Fund were down 0.9% for the March month to date bringing returns for FYTD to 1.8% before tax and expenses. Comparatively, for March month to date the fixed interest sector had a -2.6% return given rising bond yields.
 - Noted the increase in carbon intensity as a result of out-performance by energy stocks and some managers being overweight energy stocks. This exposure is expected to reduce with the transition to the new low carbon fund.
- b) **NOTED** the favourable DAA performance over the whole period since inception and that the DAA performance is net of costs and based on actual unit returns.
- c) **REQUESTED** Management provide a verbal update to the Board where significant market changes occur that are expected to impact on the funding level for NPPS since month end results reported in the Schemes Update Metrics paper.

4.2 Review of Custodian and Securities Lending

The Board:

- a) **NOTED** the paper.
- b) **NOTED** collateral for securities lending is 'bond for bond plus margin' and there are constraints around counterparty risk.
- c) **NOTED** that voting on securities is undertaken by the investment managers and the reporting on voting metrics is outsourced by J P Morgan to Broadridge.

5. SCHEMES

5.1 Schemes Update

The Board:

- a) **NOTED** the paper.

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

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

5.2 Schemes Update - Metrics

The Board:

- a) **NOTED** the paper
- b) **REQUESTED** that the funding level for the DBPC be presented in a similar manner to the NPPS and a chart be added to the metrics paper in future Board packs, from May onward.
- c) **NOTED** verification will be provided by the Actuary of the methodology used by Management when calculating the NPPS funding level and suggested that the Actuary be made aware of the Board's expectation that all future valuations be carried out on an economic value basis.

6. FINANCE & RISK

6.1 Schemes Results to 28 February 2022

The Board:

- a) **NOTED** the report incorporating the Scheme Financial Statements for the eleven months to 28 February 2022.
- b) **REQUESTED** the total benchmark figures on the asset allocations page in the Scheme results (item 6.1.1) be updated.

6.2 Board and Board Reserves Financial Statements 31 January 2022

The Board:

- a) **NOTED** the financial statements of the Board of Trustees for the ten months ending 31 January 2022.
- b) **NOTED** the financial statements of the Board Reserves, for the ten months ending 31 January 2022.

6.3 Policy Review

The Board **APPROVED** NPF5 Risk Policy and **REQUESTED** that in future the Board be provided tracked versions.

7. PAPERS FOR NOTING

The Board **NOTED** the minutes of the ALCO Committee meeting held on 15 February 2022 and **REQUESTED** reference to 'PCAS' be removed.

8. DELEGATED DECISIONS

8.1 Use of Common Seal

The Board **NOTED** the report covering the period 31 January 2022 to 20 March 2022.

8.2 Documents signed on behalf of the Board

The Board **NOTED** the report covering the period 31 January 2022 to 20 March 2022.

8.3 Management decisions made under delegated authority

The Board **NOTED** the report covering the period 31 January 2022 to 20 March 2022.

9. OTHER BUSINESS

Nil.

There being no other business, the meeting finished at 12.20 pm.

NEXT MEETING: The next scheduled meeting of the Board will be held in Wellington commencing at **8.30 am** on **Tuesday 17 May 2022**.

Minutes of a meeting of

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

Venue

By circulation

Date

Wednesday, 5 April 2022

PRESENT

Edward Schuck (Chair)
Stephen Ward
Louise Edwards
Sarah Park
Graham Ansell
Daniel Mussett

APOLOGIES

Nil

Reappointment of Christine Ormrod of PricewaterhouseCoopers (PWC) as Actuary to the Board

The Board **RECEIVED:**

1. the final Actuarial Services Agreement (**Agreement**) negotiated between Management and PricewaterhouseCoopers (**PWC**) marked **APPENDIX 1**; and
2. the following recommendations:
 - a. **APPOINT** Christine Ormrod as Actuary to the NPF Schemes for a period of three years from 31 March 2022 to 30 March 2025; and
 - b. **AUTHORISE** Management to execute the Actuarial Services Agreement with PWC and the Actuary under Common Seal.

The Board,

1. **APPOINTED** Christine Ormrod as Actuary to the NPF Schemes for a period of three years from 31 March 2022 to 30 March 2025; and
2. **AUTHORISED** Management to execute the Actuarial Services Agreement with PWC and the Actuary under Common Seal.

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 Zoom video conference

Date

Tuesday, 17 May 2022 commencing at 8.30 am

PRESENT

Edward Schuck (Chair)
Stephen Ward
Louise Edwards
Graham Ansell
Daniel Mussett
Sarah Park

APOLOGIES

Nil

IN ATTENDANCE

S9(2)(a), CE
S9(2)(a) General Manager Investments
S9(2)(a) General Manager Schemes
Hadyn Hunt, Ireen Muir, S9(2)(a)*,
Sean Wakelin (for item 4)

Visitors

Christine Ormrod*, PWC, Actuary

* Denotes participants joined the meeting via Zoom.

The Board initially met in the absence of Management.

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

1. MINUTES OF THE BOARD MEETINGS

The Board:

- a) **APPROVED** the minutes of the meeting held on 29 March 2022 and by circulation on 5 April 2022.
- b) **NOTED** the draft minutes for the Investment Committee meeting held on 3 May 2022, which are subject to approval by Investment Committee at its next meeting.
- c) **NOTED** that it is useful to see the draft minutes for the Committee meetings in Board meeting papers and **REQUESTED** they continue to be included in future.

2. ADMINISTRATION

2.1 Matters Arising

The Board:

- a) **NOTED** and **DISCUSSED** the Matters Arising.
- b) **REQUESTED** a progress update be provided to the next Board meeting together with expected timeframe for completion of item marked log 34 – Schemes Expense Projections.
- c) **RECEIVED** an update from CE on item marked log 86, Climate Change TCFD Report/Responsible Investment, that additional meetings have been arranged with responsible investments teams at ACC and NZ Super Fund for further collaboration.

2.2 Long Term Work Plan

The Board:

- a) **NOTED** the Long-Term Work Plan and rescheduling based on meeting dates.
- b) **RECEIVED** an update from the General Manager, Schemes as follows:
- recommendations on the earning rates for the defined contribution and personal scheme will be circulated to the Board prior to the next Board meeting **S9(2)(i)**
[REDACTED] and
 - the Actuary provides letters on the actuarial position of the schemes for the financial statements. The full actuarial valuation reports will be presented to the Board later in the year.

2.3 Interests Register

The Board **NOTED** the Interests Register and that there were no changes to record.

3. KEY PAPERS

3.1 Chief Executive's Overview

The Board:

- a) **NOTED** the report.
- b) **ENQUIRED** about productivity levels with staff working from home and **RECEIVED** confirmation from Management that productivity levels remain high, there are certain days when all staff work from the office, but greater collaboration is achieved when staff are physically present in office.
- c) **RECEIVED** an update from CE that the initial building works on Annuitas' premises are expected to take place from mid-June until the end of July therefore the Annuitas Board room may not be available and **REQUESTED** the NPF June ARRC meeting (14 June) and Board meeting (28 June) be held in person at another venue (to be arranged and confirmed by CE).
- d) **NOTED** the change in the key relationship contact at Treasury.
- e) **CONFIRMED** 19 October and 8 December 2022 for Board meetings and **REQUESTED** they be scheduled.
- f) **DISCUSSED** cyber security risk and **REQUESTED** Management report to the Audit and Risk Review Committee (prior to Board) addressing matters listed below:
- What are the core critical data information needs if systems were down? What is the risk level?
 - What is the impact if systems were down for a period?
 - What steps are being taken or have been taken to secure the systems?
 - What action will be taken if the risk materialised - scenario planning?
 - Robustness of processes and readiness, including from risk of foreign interference and inappropriate influence.

3.2 Health, Safety and Wellness Update

The Board **NOTED** the Health, Safety and Wellness Update and the dashboard.

3.3 NPPS- Pension Purchase Factors

9.45 am: Christine Ormrod, PWC, Actuary joined the meeting.

The Board:

- a) **DISCUSSED** the recommendations with the Actuary and **NOTED** the Actuary's advice on the new basis for determining the transfer of assets between the NPF Schemes and the National Provident Pension Scheme.
- b) **Matters discussed:**
- The Scheme needs a simple methodology for calculation of pensions.
 - While the number of new pensions being purchased is low, calculation on an individual basis is not feasible given the need to minimise costs and system changes.
 - The yield curve (incorporated in the new methodology) will move over time and will therefore be updated monthly and intra-month for any significant change.
 - Calculation of the funding level and the pension factors.
 - Administration cost is estimated using current valuation, mortality changes and assumption that new pensioners will be younger.
 - While administration cost cannot be directly compared due to lack of similar comparable schemes and data, the amount is reasonable and will be subject to review going forward.
 - Reserving of expenses - whether expense monies should be held and drawn down separately as an explicit value item that is updated over time and how it could be treated for accounting purposes.
 - The inclusion of the expense treatment in the NPPS framework.
- c) **REQUESTED** approval of the paper be completed by circulation, with additional information provided to confirm the scheme's future administration expenses will be borne equitably by members and explain how transparency of the administration cost will be addressed.
- d) **THANKED** Christine Ormrod for attending the meeting.

Christine Ormrod left the meeting.

3.4 SAA Reviews - Aircrew Scheme, DBP Contributors Scheme, Large DC Schemes, and Lump Sum Cash Accumulation Scheme

The Board **DISCUSSED** the papers under Item 3.4 and 3.5 together and **APPROVED** the following:

Aircrew Scheme

- a) The key parameters for the Scheme as follows:
- Risk Budget: not more than a 1 in 3 chance of the TA/TB falling below 100% after five years and
 - Target TA/TB Ratio: 100%.

b) The new SAA as shown below.

Unit Fund	SAA for Current Portfolio	New SAA
O Fund	32%	15%
E Fund	8%	5%
F Fund	60%	
F2 Fund		~38%*
C Fund		~42%*
	100%	100%
*Subject to adjustment depending on both the future duration of the scheme and the duration of the F2 (L) Unit, which is dynamically managed.		

- c) The trigger for implementing the new SAA is when the TA/TB Ratio reaches 105% at any future month end. The 5% margin over the target TA/TB Ratio of 100% is to provide for any asset and liability volatility between implementation of new SAA and execution (timing risk).
- d) Monthly consideration at the Management Rebalancing Committee (ALCO) meeting of the following:
- the trigger for implementing the new SAA; and
 - post-implementation of the new SAA, the allocation between the Cash Fund and F2 (defensive allocation), which aligns with the 3-year duration of the Scheme liabilities, to ensure the duration matching remains within 0.5 years.

DBP Contributors Scheme

- a) The key parameters for the Scheme as follows:
- Risk Budget: not more than a 5% chance of the funding level being below 100% after three years; and
 - Target Funding Level: for the next 3 years is 100%.
- b) The new SAA effective from 1 July 2022 (or earlier) and from when the Funding Level reaches 103% at any future month end (or even prior to 1 July 2022) are as shown below.

Unit Fund	SAA for Current Portfolio	New SAA Effective from 1 July 2022	New SAA when Funding Level reaches 103%
O Fund	20%	15%	0%
E Fund		5%	0%
F Fund	80%		
F2 Fund		30%	~37%*
C Fund		50%	~63%*
	100%	100%	100%
*Subject to adjustment depending on both the future duration of the scheme and the duration of the F2 (L) Unit, which is dynamically managed.			

- c) The trigger for implementing the new SAA with zero allocation to equities is 103%. The 3% margin over the Target Funding Level of 100% is to provide for any asset and liability volatility between implementation of new SAA and execution (timing risk).
- d) Monthly consideration at the Management Rebalancing Committee (ALCO) meeting of the following:
- the trigger for implementing the new SAA; and

- post-implementation of the new SAA, the allocation between the Cash Fund and F2 (defensive allocation), which aligns with the 3-year duration of the Scheme liabilities, to ensure the duration matching remains within 0.5 years.

Large DC Schemes - (Pension National, Lump Sum National and Meat Industry Schemes)

- The key parameters for the Schemes as follows:
 - Investment Objective: to achieve an annual average return of not less than 4%, net of tax and expenses, during the next 10 years. This is the minimum earnings rate set out in the Schemes' trust deeds.
 - Risk Budget: not more than a 40% chance that after five years the Schemes will be in deficit, in the sense that the contributors' total credits exceed the corresponding assets.
- Retention of the current SAA with a 50% asset allocation to growth assets.

Lump Sum Cash Accumulation Scheme

- The key parameters for the scheme as follows:
 - Investment Objective: to achieve an average investment return of not less than 4% pa, net of tax and expenses, over the next seven years subject to a high level of liquidity being maintained. The Scheme is required to have a high level of liquidity to meet entitlements as they fall due. The entitlements are not predictable and are subject to member election.
 - Risk Budget: no more than a 1 in 2 chance that after five years the Scheme will be in deficit.
- Retention of the current SAA with a 50% asset allocation to growth assets.

3.5 Aircrew and DBP Contributors Schemes – Frameworks

The Board:

- DISCUSSED** and **APPROVED** the frameworks for the Aircrew Scheme and the DBP Contributors Scheme, subject to the frameworks being amended to address the Board's comments, none of which impact on the approvals under 3.4.
- REQUESTED** that amended frameworks be provided to the Chair for review.

3.6 Investment Core Beliefs

The Board:

- CONSIDERED and APPROVED** the Core Investment Beliefs.
- NOTED** the SIPSP will be revised accordingly.
- NOTED** the Core Investment Beliefs are published on website by way of incorporation into the SIPSP.
- NOTED** the sub-beliefs are intended for internal reference purposes, not for publication, and will be redrafted once the Core Beliefs are approved.
- REQUESTED** that future investment decision papers include consideration of the relevant Core and Sub -Beliefs.

3.7 Board Self Review

The Board:

- NOTED** the changes to the Board self-review questionnaire and **REQUESTED**:
 - Question 2 be amended to replace "business model and key value drivers" with "operating model and key performance indicators".
 - Question 13 be retained.

- The questionnaire will be circulated after this meeting for Board members to complete accordingly, with responses due by 3 June 2022.
- b) **NOTED** that given the shared ownership/governance structure of Annuitas, any feedback from Board members may be given to the Chair to take up at the Annuitas board level.
- c) **REQUESTED** the requirement for informal exit interviews conducted by the Chair with departing Board members be noted in the exit checklist.

4. INVESTMENTS

4.1 Quarterly Investment Report

The Board:

- a) **NOTED** the Quarterly Investment Update and verbal update provided by the General Manager Investments.
- b) **DISCUSSED** S9(2)(i) and Management's advice that the manager has not met performance expectations relative to its S9(2)(i) benchmark.
- c) **REQUESTED** amendments to Table C:
 - Returns since inception are not comparable across managers and DAA as the strategies have different inception dates.
 - Manager ratings are the latest data available; and
 - the benchmark for S9(2)(i) and F2 Fund be replaced with "Cashflow matched".

4.2 Investment Update

The Board:

- a) **NOTED** the Investment Update and verbal update provided by the General Manager Investments:
 - Preliminary estimated returns for the FYTD to 13 May were S9(2)(i) for the total Fund and ranged from S9(2)(i) for DBPA to S9(2)(i) for DC schemes.
 - Noted the increase in carbon intensity due to some managers being overweight energy stocks that had out-performed significantly. This exposure is expected to reduce with the transition to the new S9(2)(i) fund.

4.3 Capital Market Assumptions

The Board:

- a) **NOTED** the Annuitas Capital Market Assumptions at 31 March 2022.
- b) **NOTED** the Annuitas Capital Market Assumptions have been shared with the Actuary and Russell Investments.

5. SCHEMES

5.1 Schemes Update

The Board:

- a) **NOTED** the paper.
- b) **NOTED** that a pension increase for NPPS will be considered in accordance with the agreed framework as part of the Board's review of the final financial statements at year end and will be based on the 31 March 2022 funding level for the scheme.

5.2 Schemes Update - Metrics

The Board:

- a) **NOTED** the paper.

6. FINANCE & RISK

6.1 NPF Annual Financial Statements

The Board:

- a) **NOTED** the paper providing an update on the results for the year and progress with the preparation of the financial statements and audit.
- b) **RECEIVED** confirmation from Management that the auditors have completed the IT audit with no issues being raised.

6.2 NPF Year End Results and Board and Board Reserves

The Board:

- a) **NOTED** the draft financial reports for the Board and Board Reserves for the year ended 31 March 2022.
- b) **NOTED** the Board Reserves can be used in relation to any scheme subject to approval from Minister of Finance.

7. PAPERS FOR NOTING

The Board:

- a) **NOTED** the minutes of the ALCO Committee meetings held on 21 March and 26 April 2022.
- b) **REQUESTED** that as per the new SAAs approved under Item 3.4, future ALCO Committee meetings minutes record the consideration of the triggers for implementation of new SAAs for the Aircrew and DBPC Schemes and post-implementation, any changes to the allocation of assets between the Cash Fund and F2 Fund.

8. DELEGATED DECISIONS

8.1 Use of Common Seal

The Board **NOTED** the report covering the period 21 March 2022 to 8 May 2022.

8.2 Documents signed on behalf of the Board

The Board **NOTED** the report covering the period 21 March 2022 to 8 May 2022.

8.3 Management decisions made under delegated authority

The Board **NOTED** the report covering the period 21 March 2022 to 8 May 2022.

9. OTHER BUSINESS

Nil.

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

NEXT MEETING: The next scheduled meeting of the Board will be held in Wellington commencing at **8.30 am** on **Tuesday 28 June 2022**.

Minutes of a meeting of

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

Venue

By circulation

Date

26 May 2022

PRESENT

Edward Schuck (Chair)
Stephen Ward
Louise Edwards
Sarah Park
Graham Ansell
Daniel Mussett

APOLOGIES

Nil

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

1. The Board **RECEIVED**:

- (i) A paper from Management with the Actuary's recommendations, with respect to the Pension National, Lump Sum National and Meat Industry Schemes (together referred to as **Defined Contribution Schemes**) and the Lump Sum Cash Accumulation Scheme (**LSCAS**) in relation to:
- Earnings Rates for the Defined Contribution Schemes and LSCAS.
 - Transfer Value Earnings Rates for the Defined Contribution Schemes and LSCAS.
 - Administration costs for transfer for the Defined Contribution Schemes and LSCAS.
- (ii) A spreadsheet marked **Appendix 1** confirming the investment returns for the year to 31 March 2022, that had been agreed by the finance team and the Actuary.

2. The Board, based on the advice of the Actuary, **RESOLVED** as noted below.

Pension National Scheme

- (i) **DECLARED**, in accordance with clause 16.1 of the Pension National Scheme trust deed, an Earnings Rate of 4.0% per annum be applied to each Contributor's Total Credit as at 1 April 2021.
- (ii) **DETERMINED**, in accordance with clause 16.2 of the Pension National Scheme trust deed, the basis for allocating earnings on contributions paid to the Pension National Scheme during the period 1 April 2021 to 31 March 2022 shall be at the rate of 1.6%.
- (iii) **DETERMINED**, for the purposes of clauses 31B.3 and 31B.4 of the Pension National Scheme trust deed, the Transfer Value Earnings Rate (to apply from the effect date of transfer to the date of payment of the transfer value) for the Pension National Scheme from 26 May 2022 until further notice shall be at the rate of 4.0% per annum.

Lump Sum National Scheme

- (i) **DECLARED**, in accordance with clause 14.1 of the Lump Sum National Scheme trust deed, that an Earnings Rate of 4.0% per annum be applied to each Contributor's Total Credit as at 1 April 2021.
- (ii) **DETERMINED**, in accordance with clause 14.2 of the Lump Sum National Scheme trust deed, the basis for allocating earnings to contributions paid to the Lump Sum National Scheme during the period 1 April 2021 to 31 March 2022 shall be at the rate of 1.6%.
- (iii) **DETERMINED**, for the purposes of clauses 22B.3 and 22B.4 of the Lump Sum National Scheme trust deed, the Transfer Value Earnings Rate (to apply from the effect date of transfer to the date of payment of the transfer value) for the Lump Sum National Scheme from 26 May 2022 until further notice shall be at the rate of 4.0% per annum.

Meat Industry Scheme

- (i) **DECLARED**, in accordance with clause 16.1 of the Meat Industry Scheme trust deed, that an Earnings Rate of 4.0% per annum be applied to each Contributor's Total Credit as at 1 April 2021.
- (ii) **DETERMINED**, in accordance with clause 16.3 of the Meat Industry Scheme trust deed, the basis for allocating earnings to contributions paid to the Scheme, during the period 1 April 2021 to 31 March 2022 shall be at the rate of 2.0%.
- (iii) **DETERMINED**, for the purposes of clauses 27B.3 and 27B.4 of the Meat Industry Scheme trust deed, the Transfer Value Earnings Rate (to apply from the effect date of transfer to the date of payment of the transfer value) for the Meat Industry Scheme from 26 May 2022 until further notice shall be at the rate of 4.0% per annum.

Lump Sum Cash Accumulation Scheme

- (i) **DECLARED**, in accordance with Clause 11.1 of the Scheme trust deed, an Earnings Rate of 4.00% per annum to apply from 26 May 2022 until further notice.
- (ii) **DETERMINED**, 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 26 May 2022 until further notice shall be at the rate of 4.0% per annum.

3. The Board, with respect to *Defined Contribution Schemes and LSCAS*:

- (i) **REQUESTED** additional information on the administration fees on transfer.
- (ii) **APPROVED**, based on the advice of the Actuary, individual transfer values for all Defined Contribution and Personal Schemes being reduced by an amount equal to the administration cost of transfer, in cases where the solvency margin is less than or equal to 0%, or greater than or equal to 10%.

Ireen Muir,
Manager Schemes

Minutes of a meeting of

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

Venue

By circulation

Date

Sent 31 May 2022, last approval 8 June 2022

PRESENT

Stephen Ward
Louise Edwards
Sarah Park
Graham Ansell
Daniel Mussett

APOLOGIES

Edward Schuck (Chair)

The Board:

1. **APPROVED** the appointment of [REDACTED] S9(2)(i) [REDACTED] for a cash portfolio.
2. **APPROVED** the fees of S9(2)(i) [REDACTED].
3. **NOTED** that the investment will be in a unit trust not a separately managed portfolio, so there will not be an Investment Management Agreement but there will be some other documentation requirements from S9(2)(i) [REDACTED].
4. **NOTED** that the S9(2)(i) [REDACTED] investment will not be in custody.
5. **AUTHORISED** execution of documents under the use of the Common Seal by two Authorised Signatories if required.

S9(2)(a) [REDACTED]

Manager, Investments

Minutes of a meeting of

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

Venue

By circulation

Date

9 June 2022

PRESENT Edward Schuck (Chair)
Stephen Ward
Louise Edwards
Sarah Park
Graham Ansell
Daniel Mussett

APOLOGIES Nil

NPF SCHEMES – Pension purchase factors for National Provident Pension Scheme (NPPS) and administration fees on transfer for Defined Contribution Schemes and the Lump Sum Cash Accumulation Scheme

1. The Board **RECEIVED**:

- (i) A paper from Management covering the following:
 - Basis for determining the transfer of assets between the NPF Schemes and the NPPS and the new methodology for calculating the amount of pension purchased from the NPPS to be applied from June 2022.
 - Additional information on administration fees on transfer for the Defined Contribution and Lump Sum Cash Accumulation Schemes.
- (ii) The paper on the NPPS Pension Purchase Factors presented to the 17 May 2022 Board meeting, marked as **Appendix 1**.
- (iii) PWC draft letter showing expense provision for NPPS for financial year ended 31 March 2022, marked as **Appendix 2**.
- (iv) A spreadsheet showing the impact of administration fees on transfer for the Pension National Scheme, by way of example, marked as **Appendix 3**.

2. The Board:

- (i) **NOTED** the Actuary's advice on the basis for determining the transfer of assets between the NPF Schemes and the NPPS.
- (ii) Based on the recommendation of the Actuary:
 - a) **APPROVED** the new methodology for calculating the amount of pension purchased from the National Provident Pension Scheme to be applied from June 2022; and
 - b) **NOTED** the pension factors will be reviewed by the Actuary annually going forward.
- (iii) **NOTED** the additional information provided on administration fees on transfer for the Defined Contribution and Lump Sum Cash Accumulation Schemes.

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 Zoom video conference

Date

Tuesday, 28 June 2022 commencing at 8.30 am

PRESENT

Edward Schuck (Chair)
Stephen Ward
Louise Edwards
Graham Ansell
Daniel Mussett
Sarah Park

IN ATTENDANCE

S9(2)(a) (from item 3.11)
S9(2)(a) (from item 3.13 to item 4)
Fiona Morgan (up to item 3.16)
Hadyn Hunt
Ireen Muir
S9(2)(a) (for item 4)

APOLOGIES

There were no apologies

* Denotes participants joined the meeting via Zoom.

The Board initially met in the absence of Management.

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 17 May 2022 and by circulation on 26 May 2022, 8 June 2022 and 9 June 2022.

1.2 Draft minutes of the ARRC meeting

The Board:

- a) **NOTED** the draft minutes of the ARRC meeting held on 14 June 2022.
- b) **NOTED** Stephen Ward's confirmation, as Chair of the Audit and Risk Review Committee, that there were no matters he wished to bring to the attention of the Board.
- c) **NOTED** Deloitte had been invited to attend the Board meeting and had confirmed in their view there was no need.

1.3 Draft minutes of the ALCO meeting

The Board:

- a) **NOTED** the draft minutes of the ALCO meeting held on 24 May 2022.
- b) **NOTED** the minutes reflect the considerations required from the Financial Management Policies for DBPC and Aircrew schemes.

- c) **REQUESTED** that future ALCO minutes should specifically address the monitoring of the F2 Fund in terms of duration matching, duration complexity and yield vs liabilities in the schemes and action taken.
- d) **AGREED** that ALCO is an operational management meeting (acting within management delegations), but Board members are welcome to attend the meeting.

2. ADMINISTRATION

2.1 Matters Arising

The Board:

- a) **NOTED** and **DISCUSSED** the Matters Arising.
- b) **NOTED** confirmation from the Chair that Item 109 had been completed and that Management will convert the agreed frameworks into policy documents.
- c) **NOTED** item 112 has been completed.

2.2 Long Term Work Plan

The Board:

- a) **NOTED** and **DISCUSSED** the Long Term Work Plan.
- b) **RECEIVED** advice from Management that the Actuarial Reviews for DBPC, DBPA, NPPS and Aircrew schemes and the Transfer Basis for transfers from DBPC to DBPA are unlikely to be finalised before August and **REQUESTED** the items be moved from June to August in the workplan.

2.3 Interests Register

The Board **NOTED** the Interests Register and S9(2)(a) confirmation of his appointment as S9(2)(a).

3. KEY PAPERS

3.1 Chief Executive's Overview

The Board:

- a) **NOTED** the report and the verbal update provided by S9(2)(a).
- b) **NOTED** the Chair and S9(2)(a) will put forward to the Board at its August meeting proposed dates once the new Board members have been appointed (including whether the meeting would be in person or via zoom).
- c) **RECEIVED** an update from S9(2)(a) that the initial building works on Annuitas' premises have been completed and staff have returned to the office. Dates for the next stage of building works are yet to be confirmed.

3.2 Health, Safety and Wellness Update

The Board **NOTED** and **DISCUSSED** the Health and Safety Update and the dashboard.

3.3 Board Self-Review

The Board **CONFIRMED** that the Board self-review has been completed, was discussed during Board only time and that no matters arose from the review that the Board was not already aware of or that the Board wished to raise with Management.

3.4 Financial Statement Review Process

The Board:

- a) **NOTED** the report on the Financial Statement review process and verbal updates from **S9(2)(a)** that the review process went smoothly.
- b) **NOTED** the draft minutes of the Audit & Risk Review Committee meeting held on Tuesday 14 June 2022 (see Agenda item 1.2.1).

3.5 Report from Auditor

- a) **NOTED** and **DISCUSSED** the Auditor's report.
- b) **NOTED** the Auditor did not identify any significant deficiencies in internal controls which would impact upon his ability to provide his opinion or control observations but **NOTED** the control observation that the investments at year end were not consistent with the published Statement of Investment Policies, Standards and Procedures (SIPSP).
- c) **RECEIVED** confirmation from **S9(2)(a)** that investments at year end are consistent with the now-revised SIPSP and that draft SIPSP provided to the Auditor was not accurate.
- d) **REQUESTED** that updates to SIPSP be monitored more tightly and published on the website more promptly.
- e) **NOTED** the thresholds used for materiality by the Auditor and **RECEIVED** confirmation from **S9(2)(a)** that the audit threshold is applied for financial statements disclosure and impacts on Auditor's sampling size (which was high) but a lower threshold is applied internally.
- f) **NOTED** that Climate-related Financial Disclosures are not required to be included in the 2022 financial statements and are outside of audit scope but once the standards have been developed for the External Reporting Board (XRB) framework, the disclosures would need to be included in financial statements and will be audited.
- g) **AGREED** Management's responses to the internal control findings were appropriate.

3.6 Representations

The Board:

- a) **NOTED** the representations from Management and verbal update from **S9(2)(a)** that three Management Representation Letters had been prepared for 2022 (as opposed to the usual one), and mirrored the representations required from the Board to the Auditor.
- b) **CONSIDERED** Management's answers to sections 1-13 of the questionnaire.
- c) **REVIEWED** and **COMPLETED** section 14 of the questionnaire (in particular that response to 14.14 is 'negative' and 14.15 is 'not applicable') and **AUTHORISED** the Chair, and Stephen Ward, as Chair of the Audit & Risk Review Committee, to **SIGN** (by way of electronic signature) the questionnaire on behalf of the Board.

- d) **CONSIDERED** and **AUTHORISED** the Chair, and Stephen Ward, as Chair of the Audit & Risk Review Committee, to **SIGN** (by way of electronic signature) the representation letters to the Auditor.

3.7 Financial Statements 2022 – Board of Trustees of the National Provident Fund

The Board:

- a) **NOTED** the financial statements of the Board of Trustees of the National Provident Fund for the year ended 31 March 2022.
- b) **RESOLVED** to:
- i) **APPROVE** and **ADOPT** the Board of Trustees of the National Provident Fund financial statements for the year ended 31 March 2022.
- ii) **AUTHORISE** the Chair and Stephen Ward, as the Chair of the Audit and Risk Review Committee, 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 2022.

3.8 Financial Statements 2022 – Global Asset Trust

The Board:

- a) **NOTED** the financial statements of the Global Asset Trust for the year ended 31 March 2022 and the review undertaken by the Audit and Risk Review Committee.
- b) **DISCUSSED** and **NOTED** Management's advice regarding the internal controls in place for the monitoring, review, and approval of performance fee calculations.
- c) **RESOLVED** to:
- i) **APPROVE** and **ADOPT** the Global Asset Trust financial statements for the year ended 31 March 2022.
- ii) **AUTHORISE** the Chair and Stephen Ward, as the Chair of the Audit and Risk Review Committee, to **SIGN** (via electronic signature), on behalf of the Board, the Global Asset Trust financial statements for the year ended 31 March 2022.

3.9 Financial Statements 2022 – NPF Schemes

The Board:

- a) **NOTED** the review undertaken by, and subsequent recommendation of, the Audit and Risk Review Committee with respect to the financial statements for the NPF Schemes for the year ended 31 March 2022.
- c) **DISCUSSED** the actuarial notes included in the financial statements for the Aircrew Superannuation Scheme, **AGREED** that the content is technically correct and **REQUESTED** that Management discuss the content with the Actuary with a view to having the note simplified and utilising a single funding level basis in the future.
- d) **RESOLVED** to:
- i) **APPROVE** and **ADOPT** the financial statements for the year ended 31 March 2022 for all eight NPF Schemes.

- ii) **AUTHORISE** the Chair and Stephen Ward, as the Chair of the Audit and Risk Review Committee, to **SIGN** (via electronic signature), on behalf of the Board, the financial statements for the year ended 31 March 2022 for all eight NPF Schemes.

3.10 Section 67 (1A) Report at 31 March 2022

The Board:

- a) **NOTED** the report.
- b) **REQUESTED** paragraph A2(D) be reworded to confirm changes made to actuarial bases and **NOTED** the report will be amended to reflect the Board's decision on the NPPS pension increase.

3.11 National Provident Pension Scheme – pension increase consideration

The Board:

- a) **NOTED** and **DISCUSSED** Management's recommendation and **RESOLVED** that pensions in payment as at 31 March 2022 will be increased by 2% from the 4 August 2022 pension payment date.

3.12 Chair's Letter and Summary Annual Reports - 2022

The Board:

- a) **RECEIVED** advice from Management that the annual reports need to be filed with the Financial Markets Authority by 31 July and needed to be with the printer by 15 July.
- b) **CONFIRMED** the Chair's letter subject to comments noted below and **DELEGATED** the final approval to the Chair:
- include additional words for context in the sentence "NPF Managers added value" in 2nd paragraph under the heading "Investments";
 - Simplify 3rd and 4th paragraph under the heading "Investments".
- c) **NOTED** and **CONFIRMED** the format of the summarised annual report for 2022 and **REQUESTED** the final form be sent to the Board by circulation, incorporating comments below:
- include a simple paragraph on pension increase for NPPS but the wording needs to create the correct expectation that the decision on pension increase is dependent each year on the funding level of the scheme;
 - simplify the disclosures on funding levels for Aircrew Superannuation Scheme ^{S9(2)(i)}
[REDACTED]
 - Correct typo (all schemes) under "investment performance" where word "has" should be replaced with "have".

3.13 Investment Sub-Beliefs

The Board:

- a) **NOTED** the Investment Beliefs and the redrafted Sub-Beliefs and **RECEIVED** confirmation from **S9(2)(a)** that there were no comments from the Investment Committee review and, while the Sub-Beliefs will be reviewed to ensure they remain current, they are not expected to change over the next 3 years.

- b) **NOTED** the Sub-Beliefs are intended for internal reference purposes only and are not in the SIPSP.

3.14 Investment Consultant Review

The Board:

- a) **NOTED** the paper and received a verbal update from **S9(2)(a)**.
- b) **S9(2)(i)**
- c) **S9(2)(i)**
- d) **S9(2)(i)**
- e) **S9(2)(i)**
- f) **S9(2)(i)**
- g) **S9(2)(i)**

3.15 Cyber Update

The Board:

- a) **NOTED** the paper and received a verbal update from **S9(2)(a)**.
- b) **S9(2)(g)(i)**
- c) **S9(2)(i)**

3.16 NPF Emissions Inventory Board Paper

The Board:

- a) **NOTED** the corporate Greenhouse Gas Emissions Inventory Report for the NPF Board for the year ending March 2022 and **COMPLIMENTED** **S9(2)(a)** on the initiatives taken to measure emissions and on the quality of the paper.

- b) **NOTED** that this report will be used as the basis for identifying possible reductions in corporate emissions.
- c) **NOTED** that this report has not been independently verified and is not published.
- d) **DISCUSSED** the idea of deeming some future Board meetings as zoom meetings to ensure air travel is managed, **AGREED** that some Board and Committee meetings are best conducted in person and **REQUESTED** that Management take into consideration emissions and the workplan when reviewing and recommending FY 2023 Board meeting dates.

4. INVESTMENTS

4.1 Quarterly Investment Report

The Board:

- a) **NOTED** the report and received a verbal update from **S9(2)(a)**.

- b) **S9(2)(i)** | **S9(2)(a)** | **S9(2)(i)**

4.2 Responsible Investment Update

The Board:

- a) **NOTED** the report, which covered the Fund's current ESG developments, including managers' ESG-related reports, an MSCI ESG equity portfolio summary report, company engagements, and other relevant updates.
- b) **REQUESTED** Management's future comments on the data take account of 'non-reported' data.
- c) **REQUESTED** that future updates be provided quarterly.

4.3 Rebalancing Review

The Board:

- a) **NOTED** the Rebalancing Policy Review letter from Russell.

- b) **S9(2)(g)(i)**

- c) **NOTED** Russell will review and certify compliance with the policy as part of their pending SIPSP review.

4.4 Climate Change TCFD Report

The Board:

- a) **NOTED** that the report shows carbon intensity as at 31 March 2022. The report will be updated to 30 June before being finalised and approved for publication on NPF's website.
- b) **NOTED** that the report concentrates on the investment portfolio implications not the business operational implications.

- c) **REQUESTED** that the report be re-drafted to:
- i) incorporate outcomes reported in the NPF Corporate Greenhouse Gas Emissions Inventory Report and consider distinguishing 'Portfolio' implications from 'Operational' implications
 - ii) reword the last sentence under heading "Introduction" with main objection being the terms "maintain" and "light"
 - iii) include purpose of the report (i.e. to disclose findings to stakeholders); and
 - iv) include statement that the metrics have been produced on a 'best endeavours basis'.

4.5 Global Investor Statement on Climate Crisis

The Board:

- a) **RECEIVED** a verbal update on the paper from **S9(2)(a)**.
- b) **CONSIDERED** and **DISCUSSED** whether to add its signature to the Global Investor Statement on the Climate Crisis.
- c) **NOTED** that the Board has clearly defined responsibilities and letter of expectations from the Minister with regards to climate initiatives.
- d) **REQUESTED** that the statement be recirculated to the Board with a new covering paper once the positions taken by GSFA and ACC are known.

5. SCHEMES

5.1 Schemes Update

The Board:

- a) **NOTED** the paper and **S9(2)(i)**.
- b) **S9(2)(i)**
- c) **S9(2)(i)**

5.2 Schemes Update -Metrics

The Board **NOTED** the paper and **REQUESTED** that the now redundant metrics be removed from future reports.

6. FINANCE

6.1 NPF Schemes (GAT) Results to 31 May 2022

The Board **NOTED** the report.

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

The Board:

- a) **NOTED** the financial information for the Board of Trustees for the two months ended 31 May 2022.
- b) **NOTED** the financial information for the Board Reserves for the two months ended 31 May 2022.

7. PAPERS FOR NOTING

There were no papers for noting for this period.

8. DELEGATED DECISIONS

8.1 Use of Common Seal

The Board **NOTED** the report.

8.2 Documents signed on behalf of the Board

The Board **NOTED** the report.

8.3 Management decisions made under delegated authority

The Board **NOTED** the report.

9. OTHER BUSINESS

The Chair noted that Stephen Ward and Daniel Mussett were retiring from the Board on 30 June 2022. The contribution that both Stephen and Daniel have made to the governance of NPF and the sharing of their specialist legal and investment knowledge respectively over the years is substantial and much appreciated by the Board and staff. Stephen and Daniel will be missed and the Board wished them well in their future endeavours.

S9(2)(g)(i)

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

NEXT MEETING: The next scheduled meeting of the Board will be held in Wellington commencing at **11.00 am on Tuesday, 23 August 2022.**

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 Zoom video conference

Date

Tuesday, 23 August June 2022 commencing at 8.15 am

PRESENT

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

IN ATTENDANCE

S9(2)(a), CE
S9(2)(a) (from item 3.1)
Sean Wakelin* (from item 3.1 to item 4.2)
Peter McCaffrey (from item 3.1 to item 3.5)
S9(2)(a) (from item 3.1 to item 4.2)
Hadyh Hunt

APOLOGIES

S9(2)(a)
Ireen Muir
S9(2)(a)

* Denotes participants joined the meeting via Zoom.

The Board initially met in the absence of Management.

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

The Chair welcomed new Board members Tracey Berry and Lloyd Kavanagh to the meeting.

1. MINUTES OF THE BOARD MEETINGS

1.1 Board Meeting Minutes

The Board **APPROVED** the minutes of the Board meetings held on 28 June 2022 and by circulation on 12 July 2022.

1.2 Noting of the ALCO minutes

The Board:

- a) **NOTED** the draft minutes of the ALCO meeting held on 23 June 2022 and 20 July 2022.
- b) **NOTED** and **DISCUSSED** section E of the ALCO minutes that Management is still awaiting the 31 March 2022 DBPC cash flow projection from the Actuary. S9(2)(g)(i)

- c) **NOTED** in the 23rd June 2022 minutes that the S9(2)(i)

2. ADMINISTRATION

2.1 Matters Arising

The Board:

- a) **NOTED** and **DISCUSSED** the Matters Arising.
- b) **DISCUSSED** log# 123 Cyber Update in relation to the war in Ukraine and the battle in the cyberworld that state actors may target institutions in New Zealand. A Cyber report had been presented at the 28th June 2022 meeting and **REQUESTED** Management provide the date and agenda item this was presented so Board members could review in Diligent.
- c) **DISCUSSED** log# 34 and the Board **AGREED** the education session would be useful.

2.2 Long Term Work Plan

The Board:

- a) **NOTED** and **DISCUSSED** the Long-Term Work Plan.

2.3 Interests Register

The Board:

- a) **NOTED** the Interests Register.
- b) **REQUESTED** it be noted that [REDACTED] S9(2)(a) will be coming off [REDACTED] S9(2)(a) [REDACTED] on the 31st December 2022.

3. KEY PAPERS

3.1 Chief Executive's Overview

The Board:

- a) **NOTED** the report and the verbal update provided by [REDACTED] S9(2)(a) .
- b) **NOTED** the joint NPF/GSF dinner will be discussed at agenda item 3.9 Board Dates.
- c) **DISCUSSED** the staff training information provided and asked if the costs could be included. Management advised a cost breakdown was provided at the AML meeting where this information was presented. It was also mentioned that there was training budget available for Director education.

3.2 Health, Safety and Wellness Update

The Board **NOTED** and **DISCUSSED** the Health and Safety Update and the dashboard.

3.3 FX Hedge Ratio

The Board:

- a) **DISCUSSED** the paper and **COMMENTED** that it was excellent.
- b) **NOTED** the hedge ratio will be reviewed again on an annual basis.
- c) **APPROVED** 0 unit hedge ratio being maintained at 40% net (55.6% gross).

3.4 NZ Equities Review

Management advised the sentence in section A1 "currently, there is a 1.5% DAA tilt away from New Zealand equities in favour of global equities." was inserted in error and is to be disregarded.

The Board:

- a) **DISCUSSED** the paper.
- b) **NOTED** the E Unit Fund has outperformed the S&P NZX50 Index benchmark net of fees over all measurement periods ending 30 June 2022.
- c) **NOTED** Management continues to hold conviction in an active approach to the management of New Zealand public equities.
- d) [REDACTED] S9(2)(i)
- e) **REQUESTED**, for ease of comparison, NPF portfolio returns are inserted into the peer performance survey in the future.

3.5 [REDACTED] S9(2)(i)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3.6 Climate Change TCFD Report

The Board:

- a) **NOTED** and **DISCUSSED** the paper.
- b) Management advised the Board to defer approval until this report has been shared with CFIs for consistency.
- c) **NOTED** that NPF's climate-related disclosures were part of its commitment to the Crown Responsible Investment Framework rather than a legal requirement whereas investment managers and other large superannuation schemes would be bound by the XRB Act.
- d) **REQUESTED** Management revisit the layout and labels of graphs on the final two pages to clarify what is being presented.
- e) **REQUESTED** Management to circulate the paper and seek approval to publish before the next Board meeting, with the aim of publishing before the end of the year.

3.7 DBP Contributors and Aircrew Schemes – actuarial valuations, DBPC to DBPA transfer basis and employer contribution rates

The Board **NOTED** the verbal update provided, papers to be forwarded by circulation at a later date.

3.8 Joining the Climate Action 100+ Initiative

The Board:

- a) **DISCUSSED** and **APPROVED** the proposal to join the Climate Action 100+ Initiative as a supporting investor.
- b) **REQUESTED** Management provide a list of all climate-related initiatives NPF has signed up to and place on the NPF website.

3.9 Board Dates for 2023

The Board:

- a) **AGREED** the 21st February 2023 Board date (Zoom meeting) be amended to 14th February 2023 (in person) meeting so a dinner can be arranged with the GSFA Board members for that evening.
- b) **DISCUSSED** the 2023 dates as some days not suitable and **REQUESTED** Management obtain availability from members on the Monday/Wednesdays and Fridays surrounding these dates. To be forwarded before the end of the week.

4. INVESTMENTS

4.1 Quarterly Investment Performance Report period ended 30 June 2022

The Board:

- a) **NOTED** the report and received a verbal update from **S9(2)(a)**.
- b) **DISCUSSED** the DBPC and NPPS graphs in relation to the investment objective 2.5% line and **REQUESTED** these be removed.
- c) **REQUESTED** graphs and commentary relating to scheme objectives be revised to show current funding position versus objectives.

4.2 Investment Update

The Board:

- a) **DISCUSSED** and **NOTED** the report.

5. SCHEMES

5.1 Schemes Update

The Board:

- a) **NOTED** the paper.
- b) **REQUESTED** Management clarify the increase in debt management over the past two months at the next Board meeting.

- c) **REQUESTED** Management provide a brief background paper on unclaimed monies including how it is currently managed and requirements for passing funds to IRD.

5.2 Schemes Update -Metrics

The Board:

- a) **NOTED** the paper.
- b) **DISCUSSED** the DBPC note (and corresponding graph) in that it is exclusive of future employer and employee contributions. The Actuary has been asked to provide the funding levels using total benefits and contributions.
- d) **REQUESTED** the DBPC chart is updated for the next Board meeting.

6. FINANCE & RISK

6.1 Scheme Accounts to 30 June 2022

The Board **NOTED** the report.

6.2 Board and Board Reserves – Financial Statements to 30 June 2022

The Board:

- a) **NOTED** the financial information for the Board of Trustees for the three months ended 30 June 2022.
- b) **NOTED** the financial information for the Board Reserves for the three months ended 30 June 2022.

6.3 Policy Consolidation

The Board:

- a) **NOTED** the consolidation update.
- b) **REQUESTED** the Procurement of Services Policy which is currently GSF only policy be a joint NPF/GSF Policy.

6.4 Policy review

The Board:

- a) **NOTED** and **APPROVED** the amendments to the Board Fees and Expenditure Policy
- b) **REQUESTED** the breakfast value be increased to \$35, and that these values are reviewed yearly due to current inflation rates.

6.5 LEGISLATIVE COMPLIANCE

The Board:

- a) **NOTED** the paper.
- b) **REQUESTED** Management review the applicability of the following:
- NZ Nuclear Free Zone, Disarmament, and Arms Control Act 1987,
 - Cluster Munitions Prohibition Act 2009
 - Anti-Personnel Mines Prohibition Act

- Any other applicable weapon Acts
in consultation with DLA Piper for inclusion in the Legislative Compliance manual.

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) **REQUESTED** external presenters be added to the Workplan (e.g. Harbour).
- b) The Chair noted that this was **S9(2)(a)** last Board meeting as Chief Executive due to his resignation and thanked him for his great service and appreciated the 10-year commitment and contribution in that period.

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

NEXT MEETING: The next scheduled meeting of the Board will be held in Wellington commencing at **9.30 am on Wednesday, 19 October 2022.**

Minutes of a meeting of

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

Venue

The PwC Centre, Level 4, 10 Waterloo Quay, Wellington and Zoom video conference

Date

Wednesday, 19 October 2022 commencing at 9.30 am

PRESENT

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

IN ATTENDANCE

Fiona Morgan, Acting CE
S9(2)(a)
Ireen Muir
Hadyn Hunt
S9(2)(a)
Sean Wakelin
S9(2)(a) * (from item 3)

Guests:
Christine Ormrod and S9(2)(a), PwC, for item 3.1

APOLOGIES

Nil

* Denotes participants joined the meeting via Zoom.

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

1. MINUTES OF THE BOARD MEETINGS

1.1 Board Meeting Minutes

The Board:

- a) **APPROVED** the minutes of the Board meetings held on 23 August 2022 and by circulation on 29 September 2022.
- b) **APPROVED** the minutes of the Investment Committee meeting held on 3 May 2022, as the Investment Committee agreed that the minutes of its meeting held on 3 May 2022 be approved by the Board as only one original Committee member was present at the 5 October meeting.

1.2 Noting of the ALCO minutes

The Board **NOTED** the minutes of the ALCO meetings held on 22 August 2022 and 20 September 2022 and that paragraph 1(e.) of the ALCO minutes for meeting held on 22 August would be amended to note the DBPC funding level has been re-estimated on a "Past Service Liability basis".

1.3 Noting of the Investment Committee minutes

The Board **NOTED** the draft minutes of the Investment Committee meeting held on 5 October 2022.

2. ADMINISTRATION

2.1 Interests Register

The Board:

- a) **NOTED** the Interests Register.

2.2 Matters Arising

The Board:

- a) **NOTED** and **DISCUSSED** the Matters Arising.
- b) **DISCUSSED** log #123, **RECEIVED** verbal update from Management that the new IT provider for Annuitas Management Limited (AML) would be able to provide phishing email service and **REQUESTED** an update be provided to the Board once the transition to the new provider has been completed.

- c) **S9(2)(i)**
- 

2.3 Long Term Work Plan

The Board:

- a) **NOTED** and **DISCUSSED** the Long-Term Work Plan.
- b) **REQUESTED** Management prepare a separate schedule for investment managers to attend Board meetings, whilst **NOTING** that a clear brief on purpose of attendance would need to be provided to investment managers and that investment managers can be called to a Board meeting outside of the schedule if there is an issue that needs addressing.

2.4 Chief Executive's Report

The Board:

- a) **NOTED** the report.
- b) **RECEIVED** a verbal update from **S9(2)(a)**, Acting CE, including the IT service provider transition, office renovation and staff movements, including **S9(2)(a)** resignation.
- c) **NOTED** the breadth of experience and knowledge that **S9(2)(a)** has brought to the organisation and **RECEIVED** verbal confirmation from **S9(2)(a)** that given **S9(2)(a)** resignation, processes are in place to ensure that any time critical matters can be attended to by the investment team.
- d) **NOTED** and **DISCUSSED** the Health and Safety Update and dashboard included the report.

3. KEY PAPERS

Christine Ormrod (Actuary) and **S9(2)(a)** from PWC joined the meeting.

3.1 Schemes- DBPC DBPA and Aircrew Schemes - transfer basis and reviews

3.1.1 Basis for determining the transfer of assets between the DBP Contributors Scheme and the DBP Annuitants Scheme.

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) **RECEIVED** a presentation from Christine Ormrod and **DISCUSSED** her report.
- c) **RECEIVED** verbal confirmation from Christine Ormrod that:
 - (i) calculations are sensitive to inflation, with the first inflation increase applying from March 2024;
 - (ii) assumptions are based on the Board's investment return and long term inflation expectations, with regard given to quarterly market expectations published by market commentators including the NZ Institute of Economic Research; and
 - (iii) **S9(2)(g)(i)**
- d) **DISCUSSED** the information provided to members and received confirmation from Management that while financial advice is not given to members, nor paid for, members are recommended to seek financial advice and a link to a list of financial advisers is provided.
- e) Based on the recommendations of the Actuary, **RESOLVED** to:
 - (i) **ADOPT** the 2022/2023 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 on or before 1 November 2022, 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; and
 - (ii) continue to **REVIEW** the transfer basis on an annual basis.
- f) **NOTED** the notional asset allocation will be reviewed prior to the 2024/2025 transfer factors being determined unless there is a significant change in the economic assumptions or the nature of the liabilities, in which case it should be reviewed earlier.

3.1.2 DBP Contributors Scheme – Actuarial Review

The Board:

- a) **NOTED** the report on the actuarial review for the DBP Contributors Scheme, as at 31 March 2022.
- b) **RECEIVED** a presentation from Christine Ormrod and **DISCUSSED** her report.
- c) **RESOLVED** to **ACCEPT** the Actuary's recommendations that:
 - (i) employer contributions to the DBP Contributors Scheme be retained at four times employee contributions as recommended in the actuarial review as at 31 March 2022 for the period 1 April 2023 to 31 March 2024 inclusive of ESCT; and
 - (ii) the Board does not amend the trust deed to increase the benefits payable from the DBP Contributors Scheme.
- d) **NOTED** the Actuary's recommendations that:

- (i) the next actuarial review of the DBP Contributors Scheme be carried out as at 31 March 2023 to review the employer contribution rate recommendation, with the next statutory actuarial examination as at 31 March 2024;
 - (ii) the Board continue to periodically review the asset allocation to ensure it remains appropriate; and
 - (iii) the Board continue to explore new ways to contact non-active contributors to the Scheme over age 70 and encourage them to elect a benefit payment.
- e) **REQUESTED** Management send more direct correspondence to inactive contributors to the Scheme and encourage them to elect a benefit payment.

3.1.3 Aircrew Superannuation Scheme – Actuarial Review

The Board:

- a) **NOTED** the actuarial review for the Aircrew Superannuation Scheme at 31 March 2022.
- b) **RECEIVED** a presentation from Christine Ormrod and **DISCUSSED** her report.
- c) **RESOLVED** to **ACCEPT** the Actuary's recommendations that:
 - (i) the employer contribution rate for the Aircrew Superannuation Scheme be retained at 3.9 times contributors' contributions from 1 April 2023 inclusive of ESCT; and
 - (ii) the Board does not amend the trust deed to increase the benefits payable from the Aircrew Superannuation Scheme.
- d) **NOTED**:
 - (i) the next actuarial review of the Aircrew Superannuation Scheme is carried out as at 31 March 2023; and
 - (ii) the Board continues to periodically review the investment strategy of the Aircrew Superannuation Scheme to ensure it remains appropriate.
- e) **REQUESTED** Management engage with Air New Zealand as the employer to discuss the impact of investment returns on the Scheme's financial position and the future funding of the Scheme (eg lump sum contributions or potential increases in the employer contribution rate).

Christine Ormrod (Actuary) and **S9(2)(a)** from PWC left the meeting.

3.2 NPF Projections

The Board:

- a) **RECEIVED** a verbal update from Management and **DISCUSSED** the paper.
- b) **NOTED** the comprehensive modelling completed by **S9(2)(a)** and whilst appreciating the information provided at an aggregate level **REQUESTED** a paper be provided for the December Board meeting detailing the projections and assumptions on a scheme by scheme basis and potential triggers for action for the schemes.

3.3 Annuitas Annual Report Resolutions

The Board:

- a) **CONFIRMED** Dr Ed Schuck and Ms Sarah Park as the Board's representatives at the Annual General Meeting of Annuitas to be held in late October/early November.
- b) **APPROVED** an Annuitas shareholder's resolution on behalf of the Board under section 122 of the Companies Act 1993 that:
 - (i) In respect of the Company's annual report for the year ended 30 June 2022 and pursuant to section 211(3) of the Companies Act 1993 (the Act), the Company need not comply with section 211(1)(g) of the Act requiring details of the number of

employees and their remuneration, the value of which exceeds \$100,000 to be included in the annual report.

3.4 Liquidity Policy Review

The Board:

- a) **NOTED** and **DISCUSSED** the paper.
- b) **RECEIVED** a verbal update from **S9(2)(a)**, including confirmation that liquidity is a primary consideration and impact on liquidity is considered with any change to asset allocation or redemption notice period.
- c) **NOTED** that Russell Investments consider the liquidity policy fit for purpose.
- d) **NOTED** the Fund is very liquid.

3.5 SIPSP Compliance

The Board:

- a) **NOTED** the amount of work and high level of information reviewed to test compliance.
- b) **NOTED** that Russell Investments found no instances of non-compliance with the SIPSP.
- c) **APPROVED** that the SIPSP is changed:
 - (i) Investment Objectives, Policies, point 8, on page 12 is changed from "quarterly" to "annual" comparison of manager results with peers; and
 - (ii) page 6 is changed to "In exercising its discretion the Board has regard to the advice from the Actuary".

3.6 Global Equities Review

The Board:

- a) **NOTED** and **DISCUSSED** the paper.
- b) **NOTED** the global equities portfolio has met its excess return and risk-adjusted return expectations over all measurement periods.
- c) **S9(2)(i)**
- d) **S9(2)(i)**
- e) **S9(2)(i)**
- f) **RECEIVED** a verbal update from **S9(2)(a)** that a paper will be provided to the Board's Investment Committee in the near future relating to a proposed change to a low carbon index.

4. INVESTMENTS

4.1 Investment Update

The Board:

- a) **DISCUSSED** and **NOTED** the Investment Update.
- b) **APPROVED** the affixing of the common seal to the Power of Attorney document required by Goal, the class action provider, subject to satisfactory sign off from DLA Piper.

4.2 Quarterly Investment Performance Report period ended 30 June 2022

The Board:

- a) **NOTED** the report and received a verbal update from S9(2)(a).
- b) **NOTED** the changes made to the report to show schemes' current funding position versus objectives, as requested by the Board.
- c) **NOTED** the de-risked strategy for NPPS was performing well.

4.3 Responsible Investment Update

The Board:

- a) **DISCUSSED** and **NOTED** the paper covering the Fund's Responsible Investment developments.
- b) **COMMENTED** that CFI RI Framework includes three pillars: measure, reduce, and influence and, while NPF's draft climate disclosure report addresses these pillars, it could incorporate some of the commentary from this paper to show how we influence the transition to a low carbon economy.
- c) **NOTED** that S9(2)(a) would discuss outside of the meeting how short positions within Arrowstreet are considered as part of responsible investing.

5. SCHEMES

5.1 Schemes Update

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **RECEIVED** verbal update from S9(2)(a) that Management has regular engagement with Datacom, Datacom staff have been working offsite, that any comment from members would be reported back to Management as a compliment or complaint, and additional oversight is provided through submissions and memos. Most correspondence of late has been about NPF calendars and in response to the Chair's letter. Additional analysis on ELR members will be provided in Feb 2023.
- c) **REQUESTED** Management provide confirmation on where the timing requirement for converting UAD members to ELR originates from.

5.2 Schemes Update -Metrics

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **NOTED** Management will discuss the Financial Management Policy for DBP Contributors Scheme further with the Board Chair and prepare papers for consideration at the December 2022 Board meeting on:
 - (i) the triggers and asset allocation for the DBP Contributors Scheme as outlined in the Financial Management Policy; and

(ii) the asset allocation for the Aircrew Scheme.

- c) **NOTED** the Audit and Risk Review Committee has requested an incident report be provided on the NPPS metrics reporting error referred to in the paper.

6. FINANCE & RISK

6.1 Scheme Accounts to 31 August 2022

The Board:

- a) **NOTED** the report incorporating the Scheme Financial Statements for the five months to 31 August 2022.

- b)  S9(2)(i)

6.2 Board and Board Reserves – Financial Statements to 30 September 2022

The Board:

- a) **NOTED** the financial information for the Board of Trustees for the six months ended 30 September 2022.
- b) **NOTED** the financial information for the Board Reserves for the six months ended 30 September 2022.

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

There being no other business, the meeting finished at 12.50 pm.

NEXT MEETING: The next scheduled meeting of the Board will be held in Wellington commencing at **9.30 am on Thursday, 8 December 2022.**

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 Zoom video conference

Date

Thursday, 8 December 2022 commencing at 9.30 am

PRESENT

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

IN ATTENDANCE

Fiona Morgan, Acting CE
S9(2)(a)
Hadyn Hunt
S9(2)(a)
Ireen Muir
Peter McCaffrey (from item 3)
Sean Wakelin (from item 3)
S9(2)(a) (from item 3)
S9(2)(a) * (from item 3)

APOLOGIES

Nil

* Denotes participants joined the meeting via Zoom.

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 19 October 2022.

1.2 Noting of the ALCO Minutes

The Board **NOTED** the minutes of the ALCO meetings held on 18 October 2022 and 15 November 2022.

1.3 Noting of Board Committee Minutes

The Board:

- a) **NOTED** the draft minutes of the Audit and Risk Review Committee meeting held on 19 October 2022.
- b) **NOTED** the draft minutes of the Investment Committee meeting held on 24 November 2022 and that comments made on the draft by the Chair were yet to be incorporated.

2. ADMINISTRATION

2.1 Interests Register

The Board **NOTED** the Interests Register and there were no new items for recording.

2.2 Matters Arising

The Board **NOTED** and **DISCUSSED** the Matters Arising.

2.3 Long Term Work Plan

The Board:

- b) **NOTED** and **DISCUSSED** the Long Term Work Plan.
- c) **NOTED** the Investment Consultant review is now planned for March 2023 and the Strategic Asset Allocations spread out through the year.
- d) **RECEIVED** an update from the Chair that the Letter of Expectations from the Minister of Finance has been received and **REQUESTED** Management circulate the Letter of Expectations to all Board members and draft a response for review and approval at the February 2023 Board meeting.
- e) **CONFIRMED** representatives of Treasury will be invited to attend the February 2023 Board Meeting and **NOTED** Management provide monthly updates to Treasury on the potential value of the claim, if any, on the Crown in the current financial year under section 72 for the Pension National, Lump Sum National and Meat Industry Schemes.
- f) **CONFIRMED** that a summary of the schemes' expense projections once approved by the Board may be shared with Treasury.

2.4 Chief Executive's Report

The Board:

- a) **NOTED** the report.
- b) **RECEIVED** a verbal update from **S9(2)(a)**, Acting CE regarding the IT service provider transition, office renovation, corporate projects and **S9(2)(g)(i)**
[REDACTED]
- c) **S9(2)(g)(i)**
[REDACTED]
- d) **DISCUSSED** the appointment and start date of the new CE, **RECEIVED** confirmation from Management that an induction plan has been prepared and **REQUESTED** the agenda for the first Board Meeting in February 2023 include Board only time (as a working lunch) with the new CE.
- e) **NOTED** the corporate projects outlined in the report represent a lot of work and they are beneficial for the organisation.
- f) **DISCUSSED** the Health and Safety Update and dashboard included the report.

3. KEY PAPERS

3.1 DBP Contributors Scheme (DBPC) and Aircrew Superannuation Scheme Strategic Asset Allocation (SAA) Reviews

The Board:

DBPC

- a) **NOTED** the initial paper was presented at the Investment Committee meeting and the revised paper prepared for the Board addressed the discussions and questions from the Investment Committee.
- b) **DISCUSSED:**
- (i) the triggers in the DBPC Financial Management Policy, and that the triggers for de-risking the investment portfolio provide a mechanism for Management to act without having to revert to the Board, but the triggers for increasing risk require Management to review the SAA and make recommendations to the Board; and
 - (ii) the levers available to influence the financial position at end of life for the DBPC and, that, given the changes are made annually on recommendation from the Actuary and approval from the Minister of finance, the earliest any change to employer contribution rates can be made once the financial statements for financial year ending 31 March 2023 are finalised, with the change effective from 1 April 2024.
- c) **DISCUSSED** the timing delay in SAA review, recommendations to the Board and implementation, and **RECEIVED** confirmation from Management that in future these can be addressed by circulation and implemented out of cycle.
- d) **RECEIVED** confirmation from Management:
- (i) full value of members opting for a pension is factored into the funding level, with members opting for a transfer value taking a share of any surplus or deficit.
 - (ii) that Annuitas assumptions adopted by the Actuary for valuation purposes have a relatively low sensitivity to inflation and also that a higher near-term inflation rate is factored in the cashflows with lower long-term rates thereafter.
- e) **ACKNOWLEDGED** the conservative nature of the cash flow forecast **S9(2)(i)**
[REDACTED]
- f) **NOTED** the DBPC funding level based on past service liabilities as of 31 October 2022 was estimated to be **S9(2)(i)** which is below the SAA review level of 98%.
- g) **APPROVED** the following change in DBPC SAA from 1 Feb 2023:

Unit (Note 1)	Current SAA	New SAA
C Unit	56%	49%
F2 Unit	24%	21%
E Unit	5%	6%
O Unit	15%	24%

(Note 1) DBPC's allocation between C and F2 Unit is not fixed and can be changed so that the duration remains within ½ year of the duration of the liabilities.

- h) **NOTED** increasing the equity allocation for DBPC from 20% to 30% **S9(2)(i)**
- i) **NOTED** the Board will next review the employer contribution rate for the DBPC effective from 1 April 2024 in around October 2023.
- j) **NOTED** DBPC'S SAA will be reviewed again in August 2023 based on the 31 March 2023 financial statements, updated cashflows and the latest capital market assumptions unless there is a significant change to the funding level in the interim and subject to the Scheme's financial management policy.

Aircrew Scheme

- k) **NOTED** Aircrew Scheme's funding level based on TA/TB as at 31 October 2022 was estimated to be **S9(2)(i)** which is below the SAA review level of 97%.
- l) **NOTED** with the current asset allocation of 40% equities, the Aircrew Scheme's TA/TB ratio is projected be **S9(2)(i)**.
- m) **APPROVED** no change to Aircrew Scheme's current SAA.

Unit Allocation	SAA
F Unit	60%
E Unit	8%
O Unit	32%

- n) **NOTED** Aircrew Scheme's SAA will be reviewed again in August 2023 using the 31 March 2023 financial statements, updated cashflows and the latest capital market assumptions.

3.2 NPF Schemes Projections

The Board:

- a) **RECEIVED** a verbal update from Management that the projections would be updated annually and added to the Work Plan. The paper will also be added to the induction pack as it provides a good summary for each scheme.
- b) **DISCUSSED** and **NOTED** the paper.
- c) **S9(2)(i)**.
- d) **COMPLIMENTED** the team on the paper.

3.3 Investment Manager Presentation Schedule

The Board **NOTED** the indicative schedule, and that Management will seek feedback from the Board on areas of focus for each presenting investment manager closer to the time of presentation with the expectation that presentations, plus Q&A will generally be allotted no more than one hour.

3.3 Low Carbon Equities Benchmark

The Board:

- a) **DISCUSSED** the paper and **APPROVED** a change in the global equity index benchmark from MSCI All Country World Index (MSCI ACWI) to the MSCI Low Carbon Target Index for the O Unit Fund with effect from 1 January 2023.
- b) **NOTED** the Low Carbon Target index has a carbon intensity about 30% of MSCI ACWI and an expected tracking error of 0.4% pa.

- c) **NOTED** adoption of the new index for the O Unit Fund and Strategic Asset Allocation does not translate directly to changes in individual manager benchmarks unless and until the Board approves such changes, which is not considered necessary at present.
- d) **NOTED** performance attribution will be tracked using the existing custodian service.
- e) **NOTED** Management will consider NZ low carbon benchmarking separately and **COMPLIMENTED** Management on the quality of the paper.

3.4 Climate-Related Disclosure Report

The Board:

- a) **THANKED** Management and the team for their effort in redrafting the report **NOTING** that the climate-related reporting is the beginning of a journey as we further consider the sensitivity of the Schemes' investments to climate change and as more private sector entities' reports become available and the XRB standards are published with associated guidance.
- b) **CONFIRMED** the sentence beginning "Prepared in accordance with..." on the cover page can be removed given the disclosures in the body of the report.
- c) **APPROVED** the Report and **AUTHORISED** its issue.

4. INVESTMENTS

4.1 Investment Update

The Board:

- a) **RECEIVED** a verbal disclosure from [REDACTED] S9(2)(a) [REDACTED], which could potentially be considered a conflict, and therefore he would prefer to be excluded from discussions relating to their appointment and **CONFIRMED** that this was not considered a conflict given [REDACTED] S9(2)(a) [REDACTED] and therefore did not warrant exclusion from discussion.
- b) [REDACTED] S9(2)(i) [REDACTED] S9(2)(a) [REDACTED] S9(2)(i) [REDACTED]
- c) **DISCUSSED** and **NOTED** the Investment Update.
- d) **REQUESTED** the performance data for F2 Fund and its benchmark index be reviewed in the next report as there is an expectation that the results for the two would be very close.

4.2 Investment Committee Terms of Reference

The Board:

- a) **NOTED** Management had reviewed the Terms of Reference for the Investment Committee and recommended no changes.
- b) **APPROVED** the Terms of Reference for the Investment Committee.

5. SCHEMES

5.1 Schemes Update

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **RECEIVED** verbal update from S9(2)(a) that the Scheme Administrator was contacting DBPC non-contributing members individually encouraging them to consider their options but had not had much success to date. Additional information on the process of moving UAD members to ELR had been addressed in the report, S9(2)(i)

5.2 Schemes Update -Metrics

The Board:

- a) **DISCUSSED** and **NOTED** the paper.
- b) **REQUESTED** additional information on how mortality data is incorporated in cashflow updates for NPPS.
- c) **NOTED** Management will review the triggers included in the Financial Management Policy for DBP Contributors Scheme as at 31 March 2023 once financial data becomes available.

6. FINANCE & RISK

6.1 Scheme Accounts to 31 October 2022

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

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

The Board:

- a) **NOTED** the financial information for the Board of Trustees for the seven months to 31 October 2022.
- b) **NOTED** the financial information for the Board Reserves for the seven months to 31 October 2022.

6.3 Risk Framework Review - GSF

The Board:

- a) **NOTED** the paper that had been prepared for the Government Superannuation Fund Authority.
- b) **RECEIVED** confirmation from Management that when undertaking actions as per the report, the same would be considered for NPF and **REQUESTED** the review be added as an agenda item for the Audit and Risk Review Committee for 2023.

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 Board **THANKED** S9(2)(a) for his responsiveness to Board requests and for being proactive and helpful. Board members expressed their thanks for the intellect, opinions and ideas that he brought to the organisation and wished him well on his future endeavours.
- b) There being no other business, the meeting finished at 12.45 pm.

NEXT MEETING: The next scheduled meeting of the Board will be held in Wellington **Tuesday, 14 February 2022 (time to be confirmed)**.

RELEASED UNDER THE OFFICIAL INFORMATION ACT