



Stewardship Code Aotearoa New Zealand Report

December 2024



Introduction

Welcome to ANZ New Zealand Investments Limited's (ANZ Investments) first stewardship report in accordance with the Stewardship Code Aotearoa New Zealand (the Code) principles.

ANZ Investments is proud to support the Code and be a Founding Signatory, supporting the Code's aim to create and preserve inter-generational value for investors, as well as efficiently direct capital where it is most needed for a resilient economy. There is strong alignment between the Code and ANZ Investments' existing practices and approach, given the importance we already place on stewardship as part of our Responsible Investment Framework ([RI Framework](#)).

While we have voluntarily shared information on our stewardship activities since 2022, this report marks another step in our responsible investment journey and demonstrates our ongoing commitment to transparency and accountability. This report outlines our stewardship activities and alignment with the principles of Code over the past year highlighting:

- the role of stewardship in our overall responsible investment approach;
- our governance structure and its relevance to our responsible investment approach; and
- the role of stewardship in our climate strategy.

This report covers ANZ Investments' stewardship activities, policies and processes in relation to the funds under management (FUM) of ANZ Investments' managed investment schemes, superannuation schemes, wholesale schemes, and ANZ Bank New Zealand Limited's Discretionary Investment Management Service.

Appendix 1 sets out an update of our specific stewardship activities and engagements, including case studies and proxy voting summaries, for the 6-monthly period to 30th June 2024.

We encourage you to explore this report to learn more about our ongoing stewardship efforts. You can find out more about the Code at www.stewardshipcode.nz.

Active investment – control and flexibility

ANZ Investments uses active management which means we select what we invest in and how we invest (for example, whether we manage some investment ourselves or through external partners). We monitor what's happening in markets and we have greater control and flexibility to adjust our investing approach, so our portfolios are resilient to market changes.

The control and flexibility benefits are also important to our responsible investing approach. When considering our investment mix, specific investments, and when we select external partners to implement some of our (typically international) investment choices, we take environmental, social and governance (ESG) factors into account (such as climate change). Using active management means that if we identify ESG risks during or after an investment decision we have three main ways to manage those risks:

1. Avoid them by not selecting the investment (we can also achieve this through exclusions of certain activities, such as tobacco product manufacture);

2. Reduce them by adjusting the size of our investment. If risks emerge after investing that we are not prepared to manage, we can reduce our investment to zero by selling the investments we hold;
3. Accept them but ensure they are well managed by our internal investment teams or our external investment partners.

Stewardship is a critical aspect of managing risks within the portfolio. By engaging with the companies we invest in (investee companies), and voting our holdings, we can influence their business activities. Our responsible investment approach also leverages our active management, to have greater control and the flexibility to exercise stewardship. In the following section we discuss the RI Framework we use to make these decisions.

Responsible investment framework

Our RI Framework sets out our responsible investment approach and is the overarching framework we use to identify, assess and manage ESG risks throughout our Funds' investment processes. The three core components of our responsible investment approach are **exclusions**, **ESG integration**, and **stewardship**.

Responsible investment is a broad-based approach to investing which factors in people,

society and the environment, along with financial performance, when making investment decisions. We believe that these factors are some of the drivers of long-term investment risks and returns.

Our responsible investment approach therefore influences the way we research, select, and manage investments, including conducting stewardship.



Stewardship

What is Stewardship

Stewardship involves using our influence as investment managers with a view to shaping the behaviour of the companies we invest in (investee companies). Working on behalf of investors, the aim is to encourage more sustainable business practices and improved corporate behaviour. We can do this in two ways:



Engagement

Engaging with the companies we invest in, which could include boards, executives and management.



Proxy voting

Voting on company and shareholder resolutions on our investors' behalf.

Stewardship can be conducted by our in-house investment management team or external fund managers investing on our behalf.

For more detail on our stewardship activities and outcomes please refer to Appendix 1. You can also find our [RI Framework](#), and more information about our approach, on the [ANZ website](#).

Engagement

The first aspect of our stewardship strategy is engagement with investee companies. We actively engage with a number of our investee companies on ESG and other issues. This improves our understanding of risks and opportunities an investee company faces and allows us to factor this into our investment rationale which will better inform decision making over the long-term.

We determine our primary engagement themes by considering our internal priorities and evaluating our external fund managers approaches. Below are our primary engagement themes across ANZ Investments, and how each of these were demonstrated throughout the 12 months to 30 June 2024:

- Climate change
- Human rights
- Diversity, Equity and Inclusion (DEI)
- Biodiversity
- Corporate Governance

Refer to Appendix 1 for more information and examples of engagement activities and outcomes.

We engage with investee companies through three main approaches:

1. **Internally managed FUM** – The ANZ Investments team may engage directly with investee companies across New Zealand and some Australian investments.

Engagement can include, but is not limited to meetings with:

- the company board
- senior management
- other key stakeholders

We also collaborate with industry organisations to provide feedback and engage on policy and initiatives that may impact the investment industry.

2. **Externally managed FUM** – ANZ Investments has partnerships with external fund managers, who may engage on our behalf with companies that we have exposure to globally.

Over the 12 months to 30 June 2024, we enhanced our responsible investment scorecard to better assess our external fund managers on their responsible investment

approaches. This assessment now includes evaluating their stewardship approach, capabilities and their stewardship activities and outcomes.

To aid our oversight, we bi-annually (as at 30 June and 31 December) request a summary of the engagement activities conducted by our external fund managers on our behalf.

3. **Collaborative engagements** – where appropriate, we may collaborate with other asset managers to engage with companies collectively. This approach allows us to leverage the knowledge, skills and expertise of others who have similar goals.

Many of our external fund managers participate in collaborative engagement through organisations such as Climate Action 100+, where they may join collaborative engagements with investee companies.

4. **Policy engagement** – we may also provide formal feedback during policy consultations on new regulations and guidance that impact our investment activities. We may also do this through third-party memberships that support the implementation of our responsible investment approach.

Our memberships include:

- Financial Services Council (FSC)
- IFRS Sustainability Alliance
- New Zealand Corporate Governance Forum (NZCGF)
- Principles for Responsible Investment (PRI)
- Responsible Investment Association Australasia (RIAA)
- Stewardship Code Aotearoa New Zealand

You can find out more details about these organisations in the 'Our memberships and certifications' section of the [ANZ website](#).

Proxy Voting

Proxy voting is another way to influence decisions impacting the companies we invest in. Through our in-house investment team and our external fund managers, we can vote on company matters according to our investment beliefs and RI Framework.

1. **Internally managed** – for investments managed internally, voting is undertaken by the domestic equities team with support from Institutional Shareholder Services (ISS) as a proxy voting service provider.
2. **Externally managed** – for investments managed externally, voting is conducted by the external fund managers who have discretion to vote on our behalf. They may also utilise proxy voting services such as ISS and Glass Lewis to support their voting activities.

Where practical, we aim to vote on all resolutions, however there may be instances where we do not vote or chose to 'abstain' from voting on resolutions.

We have partnered with ISS to make our voting activity publicly available through their Vote Disclosure Services platform. You can view our [proxy voting records](#) for the following ANZ Investments registered schemes:

- ANZ KiwiSaver Scheme
- ANZ Investment Funds
- OneAnswer KiwiSaver Scheme
- OneAnswer Multi-Asset-Class Funds
- OneAnswer Single-Asset Class Funds
- ANZ Default KiwiSaver Scheme

The role of stewardship in our climate strategy

In 2024 we published our first climate statements under the Aotearoa New Zealand Climate Standards (NZ CS). The statements detail our climate change strategy and how we take a stewardship-based approach with our investee companies.

In March 2024 we published our updated RI Framework setting out our 'Net Zero 2050' goal based on stewardship with interim 2030 and 2040 targets. Our interim targets track the effectiveness of our engagement efforts.

Our 'Net Zero 2050' goal and interim targets use a stewardship-based approach aimed at encouraging investee companies to improve reporting of emissions, progress their transition planning, and set net zero targets.

By actively engaging directly with our investee companies and external fund managers on ESG issues, including climate, we seek to influence and constructively engage with investee companies to align to our responsible investment beliefs.

PAI Alignment

A key part of our climate strategy and transition plan is monitoring our FUM alignment with the Paris Aligned Investment Initiative's Net Zero Investment Framework (PAI framework). The PAI framework has five categories based on investee companies' progress to net zero. The categories are Achieving, Aligned, Aligning, Committed to aligning, and Not aligned. For an investee company to be assessed as Achieving, Aligned, or Aligning it must be investing in or adapting its strategy to address climate-related risk and opportunities.

During 2024, we began to target investee companies that are at the earlier stages of their climate journey and where we have increased ability to influence the investee company. We prioritise our engagement with investee companies in the bottom two PAI framework classifications "Committed to aligning" and "Not aligned" and rank them based on how much they contribute to our funds' weighted average carbon emissions. This means we focus our engagement activity on areas where there is the greatest need.

Monitoring, engagement and escalation

We have introduced processes to monitor investee companies' progress towards net zero using the PAI framework. Investee companies that remain in the bottom two classifications of the framework and demonstrate no progress after three years will be put on a watchlist and monitored through our Responsible Investing Forum (RIF).

We recognise that engagement journeys can take many forms, be lengthy, and aren't linear. After three years, we will review the engagement and decide if action needs to be taken, such as limiting further investment in or divesting from an investee company or adding the company to our exclusions list.

You can find our more information in our [Climate Statements](#) on the ANZ website.

Disclosure and transparency of stewardship activities

In 2022 we began publishing voluntary, bi-annual stewardship updates containing engagement activities and outcomes through case studies across our primary engagement themes, and summaries of proxy voting records and activities.

In addition to this annual stewardship report, we will continue to report our progress on our stewardship process, activities and outcomes through the following publications:

- Principles for Responsible Investment (PRI) Public Transparency Report
- Climate statements under NZ CS
- The ISS dashboard
- ANZ Investments' Stewardship Updates

Assurance – We do not currently conduct independent review or assurance across our stewardship practices.



Governance



ANZ’s purpose is to shape a world where people and communities thrive.
Kia hanga i te ao, e ora ai, e tupu ai te tāngata me te kāinga.

Governance structure

The ANZ Investments Board (the **Board**) is responsible for overseeing and setting ANZ Investments’ overall approach to responsible investment (including stewardship). The Board has specific responsibility for overseeing responsible investment risks and opportunities. See below for more information on how we identify, assess, and manage responsible investment risks and opportunities.

Our investment beliefs create a foundation for our investment strategies. In 2023, the Board

undertook a review of our investment beliefs and agreed that stewardship is an effective way to address systemic challenges like climate change and biodiversity.

The Board delegates operational responsibility for assessing and managing responsible investment to Management as part of its management of the day-to-day business and affairs of ANZ Investments.

Key roles, relating to the oversight and implementation of our responsible investment approach (including stewardship) are detailed below:

Roles	Responsibilities
Managing Director, Funds Management	Delegated responsibility from the Board, including powers for managing, directing, and supervising the management of the day-to-day business and affairs of ANZ Investments.
Chief Investment Officer	Ultimately accountable for applying responsible investment strategies to the FUM, with oversight from the Board.
Head of Investment Partners and Responsible Investment	Leads the design, development, and integration of responsible investment throughout the investment process. Leads a team which provides specialist responsible investment support to the wider Investment Management team and undertakes engagement with investee companies.
Investment Management Team	Integrates responsible investing into the different investment desks and research across ANZ Investments.

We have several internal management committees (forums) which contribute to our oversight of responsible investment (including stewardship). The two primary forums are:

Forum	Responsibilities	Frequency
Investment Management Governance Forum (IMGF)	Provides oversight of investment performance and investment risk management (including stewardship approach and broader responsible investment risks).	At least ten times a year
Responsible Investment Forum (RIF)	Responsible for the strategy and implementation of our responsible investment philosophy (which includes stewardship) and commitment to industry bodies such as the Code and the Responsible Investment Association Australasia (RIAA).	At least four times a year
Temporary Investment Committee (TIC)	The TIC is responsible for endorsing key investment decisions prior to recommendation to the Board. The TIC also endorses the appointment or termination of external fund managers before approval by the CIO (in consultation with the Managing Director). External fund managers' stewardship practices are a factor taken into account in these decisions.	Monthly

Our internal responsible investment policies and procedures are updated at least annually and overseen by the IMGF.

External fund managers

We have a process for selecting the external fund managers who manage some of the assets in our underlying funds. As at 30 September 2024, around 57% of our FUM is managed by external fund managers. We assess each manager against various criteria, including their integration of responsible investing (including stewardship) and alignment to our beliefs and RI Framework.

Our external manager agreements allow us to set instructions (investment mandates) and work with external fund managers to implement our RI Framework.

We conduct detailed formal annual reviews of external fund managers' processes.

Conduct and remuneration policies

The ANZ Group [Code of Conduct](#) describes how we work at ANZ and sets expected standards of behaviour consistent with our purpose – to shape a world where people and communities thrive. The Code supports our Values of Integrity, Collaboration, Accountability, Respect and Excellence and helps us to make fair, balanced and ethical decisions in our day-to-day work.

Our Conflicts of Interest Policy forms part of our Code of Conduct. It provides a globally consistent approach to identification and management of conflicts of interest across the ANZ Group.

Certain members of the Investment Management team have a performance objective of “Embedding responsible investment” to deliver long-term results. This objective is one component within the ‘Risk and Reputation’ pillar in those team members’ performance objectives.

Objectives and measures, including those related to responsible investment, are considered as part of a holistic review of performance for the

above individuals. This, along with ANZ Group and business performance, informs individual variable remuneration outcomes.

Tākiri-ā-Rangi – ANZ New Zealand Te Ao Māori Strategy

In 2022 ANZ New Zealand (ANZ Investments is a subsidiary of ANZ New Zealand) made a commitment to Māori and to all the people of Aotearoa New Zealand through the launch of [Tākiri-ā-Rangi Te Ao Māori Strategy](#). This sets out ANZ New Zealand’s strategy and work plan to advance Māori business and Māori personal financial well-being. Developing strong relationships with Māori, hapū and iwi across Aotearoa New Zealand, is part of ANZ New Zealand’s longstanding purpose. Te Tiriti is our nation’s founding document, and ANZ New Zealand acknowledges the promise made in 1840.

ANZ Investments does not specifically incorporate Te Ao Māori principles into our RI Framework or stewardship approach.



Stewardship activities and engagements



Climate change

Engagements relating to climate change could involve greenhouse gas emissions, physical risk, transition risk, energy usage and renewable energy sources.

Engagement in action: One of our external fund managers recently engaged with a global energy storage infrastructure company that withdrew its commitment to setting an interim emissions target accredited by the Science Based Targets Initiative (SBTi). In discussions, our external fund manager learnt that the withdrawal was due to a disagreement over the treatment of emissions from the end products stored by the company. The company believes these emissions should not fall within their Scope 3 boundary because they do not own or sell the products. This is a common challenge for midstream infrastructure companies due to a lack of sector-specific methodologies. Despite this, our external fund manager stressed the importance of finalising an interim target for operational emissions and formalising a strategic plan to tackle material scope 3 categories. The external fund manager followed up with a letter to the Board outlining their expectations and met with company representatives shortly after.



Human rights

Engagements relating to human rights could involve labour rights, forced labour and modern slavery in a company's supply chain.

Engagement in action: In response to heightened reputational risk, and strained labour relations against a global coffee company, our external fund manager engaged with the company's board and management. They supported a successful shareholder proposal which led to the company publishing a Human Rights Impacts Assessment and a Freedom of Association & Collective Bargaining Rights Assessment. The external fund manager has since followed up on two separate engagements seeking a progress update on the company's implementation of recommendations in the Association & Collective Bargaining Rights Assessment. They also discussed a forward-looking statement from the report which stated that the issue would not resolve without constructive engagement with the union. The company responded that, as part of their first-year goals, the board planned to refine their Global Human Rights statement and training and prioritise reaching labour agreements through proactive outreach and negotiations. The external fund manager noted progress following the withdrawal of the SOC's proxy contest, the company's joint press release with Workers United union, and the reduction of its legal risk with a successful Supreme Court case against the National Labor Relations Board. Our external fund manager will continue monitoring this risk and engaging with the company.



Diversity, equity and inclusion

Engagements related to diversity, equity and inclusion could include addressing a lack of diversity at varying levels of a company, discouraging pay gaps, or ensuring more inclusive and supportive policies and practices regarding minorities, Indigenous cultures, and the LGBTQIA+ community.

Engagement in action: One of our external fund managers actively engages with its investee companies to improve gender diversity at all levels for better decision-making processes leading to higher performance. However, during this engagement process, they found that a global manufacturing company lags behind its global peers in overall gender diversity practices and reported a high gender pay gap. They engaged with the company and recommended they report on their initiatives to improve diversity and inclusion at all levels. This includes programs to support a diverse workforce, mentorship programs, targeted recruitments, and the strategies taken to reduce the gender pay gap. As a result, the company has now set targets to increase the ratio of female employees both company-wide and specifically in management positions. They have also implemented engagement surveys to better understand appropriate programs to utilise going forward. Our external fund manager will continue to engage with the company to track its progress on improving diversity, equity and inclusion.



Corporate Governance

Engagements related to the operations of a company's board may include its independence, compensation, remuneration and conflicts of interest.

Engagement in action: During the reporting period, one of our external fund managers escalated engagement with a transportation infrastructure company through a formal letter and presentation to the Chair of the Remuneration Committee. The external fund manager held concerns about the quality and transparency of the company's nonfinancial variable remuneration practices and reporting. For example, a large portion of the CEO's variable remuneration cannot be quantified or measured, while some incentives allow for underperformance and excessive board discretion. For this reason, the external fund manager voted against the company's remuneration policies and reports since 2022 and held various engagements since then. Our external fund manager is seeking to influence the company to adopt better remuneration practices in advance of a new CEO appointment in 2025. The external fund manager's engagement highlighted the weaknesses of the current framework, flagged examples of best practice among peers, and proposed recommendations to bring disclosures more in line with market practice.



Biodiversity

Engagements related to biodiversity could include natural capital, water stress and species abundance.

Engagement in action: One of our external fund managers recently engaged with a personal care products company, who faces risks due to its operations in the ecologically significant Boreal Forest of Canada. This was highlighted as a regulatory and market risk, given the recent increased momentum in European legislation and United Nations' Global Biodiversity Framework (GBF) commitments. The external fund manager engaged with the company to express concern regarding the company's lack of deforestation

policy, decline in its CDP Forests score and annual percentage rate of recycled fibre usage. They encouraged the company to consider reporting which aligns to the Taskforce for Nature related Financial Disclosures (TNFD). Understanding the extensive time and resources required to conduct this new form of reporting, the external fund manager asked the company to develop a time-based plan to evaluate the TNFD framework and publicly register their intentions to report via the TNFD database. The company acknowledged the concern and communicated that the sustainability teams have begun the due diligence process on the TNFD framework, and in May 2024, the company published its revised Forest, Land, & Agriculture Policy.

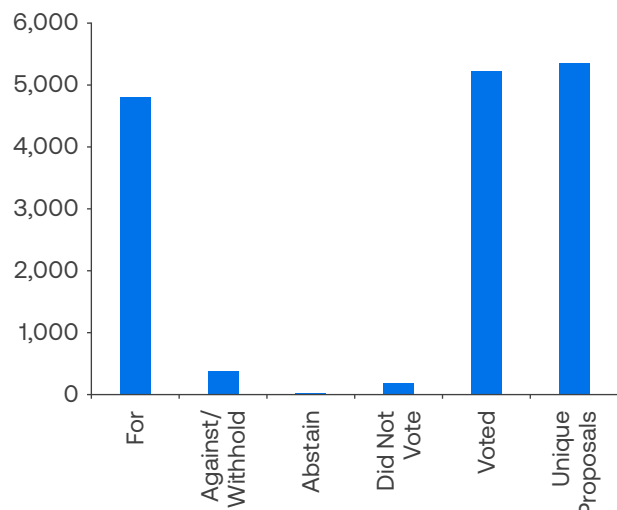
Proxy Voting Activity

1 January 2024 to 30 June 2024

Voting summary

During the six-month period, across 5363 unique proposals available to vote, we voted against management 395 times (7.6%).

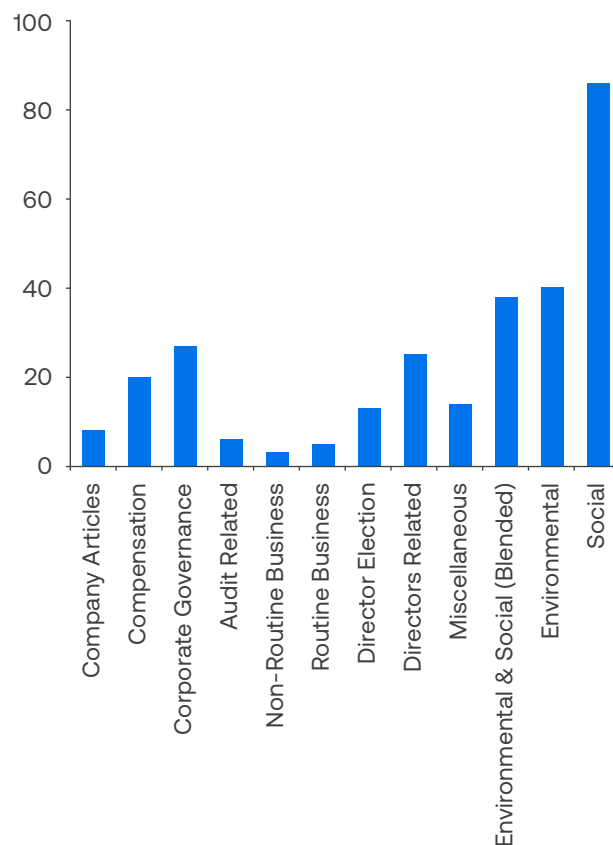
Voting summary	No.
For	4820
Against/Withhold	395
Abstain	22
Did Not Vote	208
Voted	5228
Unique Proposals	5363



Shareholder proposals

Of the 285 shareholder proposals over the six-month period, 164 were related to environment and social issues (57.5%), with the remainder being governance issues (42.5%).

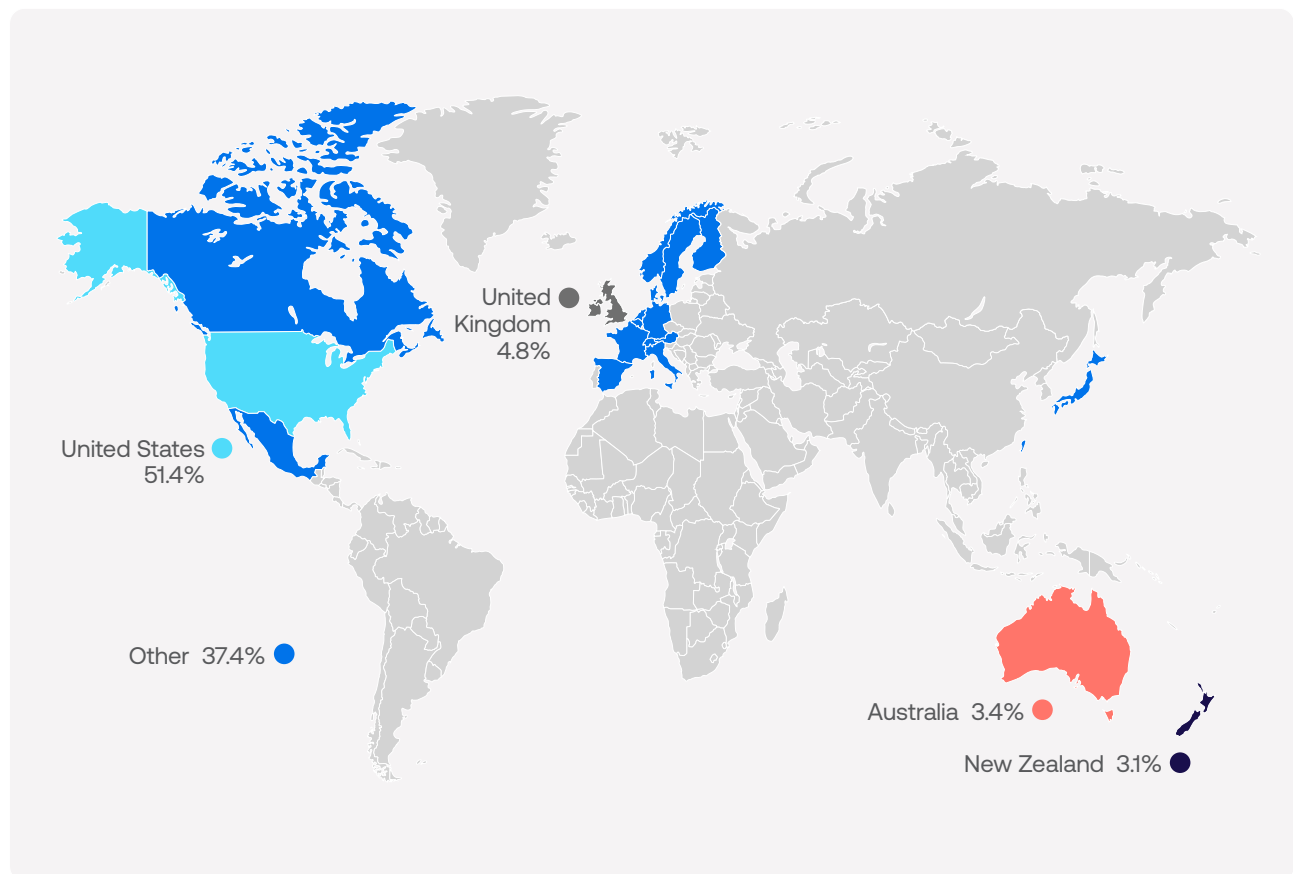
Shareholder proposals	No.	%
Company Articles	8	2.8%
Compensation	20	7.0%
Corporate Governance	27	9.5%
Audit Related	6	2.1%
Non-Routine Business	3	1.1%
Routine Business	5	1.8%
Director Election	13	4.6%
Directors Related	25	8.8%
Miscellaneous	14	4.9%
Environmental & Social (Blended)	38	13.3%
Environmental	40	14.0%
Social	86	30.2%
Total	285	100%



Company meetings by country

During the six-month period, most meetings (51.4%) were related to companies in the USA.

Country	No.	%
Australia	12	3.4%
New Zealand	11	3.1%
United States	183	51.4%
United Kingdom	17	4.8%
Other	133	37.4%
Total	356	100.0%



Voting by sector

During the six-month period, most meetings (16.6%) were related to companies in the financial sector.

Sector	No.	%
Real Estate	58	16.3%
Industrials	52	14.6%
Information Technology	38	10.7%
Financials	59	16.6%
Materials	20	5.6%
Consumer Discretionary	28	7.9%

Sector	No.	%
Health Care	39	11.0%
Consumer Staples	18	5.1%
Utilities	16	4.5%
Energy	13	3.7%
Communication Services	14	3.9%
Total	355	100%



The percentages may not add exactly to 100% due to rounding.

You can view the full proxy voting records for the following investment funds and schemes via the [ANZ investments Responsible Investment page](#):

- ANZ KiwiSaver Scheme
- ANZ Investment Funds
- OneAnswer KiwiSaver Scheme
- OneAnswer Multi-Asset-Class Funds
- OneAnswer Single-Asset Class Funds
- ANZ Default KiwiSaver Scheme

Disclaimer

ANZ New Zealand Investments Limited is the issuer and manager of the ANZ KiwiSaver Scheme and the ANZ Investment Funds.

You can download a copy of the guide and product disclosure statement from our documents and forms page or ask at any ANZ branch.

ANZ New Zealand Investments Limited is the issuer and manager of the OneAnswer KiwiSaver Scheme, the OneAnswer Multi-Asset-Class Funds and the OneAnswer Single-Asset-Class Funds. You can download a copy of the guide and product disclosure statement from the OneAnswer documents and forms page.

ANZ New Zealand Investments Limited is the issuer and manager of the ANZ Default KiwiSaver Scheme. The scheme is no longer a default scheme and is closed to new members. Important information about the ANZ Default KiwiSaver Scheme is available at anz.co.nz/kiwisaverforms and by searching 'ANZ Default KiwiSaver Scheme' on the offer register at disclose-register.companiesoffice.govt.nz.

This material is current as of the end of the six months covered and is subject to change. This material is for information purposes only.

We recommend seeking financial advice about your situation and goals before getting a financial product.

