



DEEP DIVE: TRANSITIONING TO PARIS-ALIGNED BENCHMARKS NZ SUPER

The NZ Super Fund has shifted about 40% of its overall investment portfolio to market indices that align with the [Paris Agreement](#). The changes apply to the Fund's index-tracking Reference Portfolio benchmark and its corresponding \$25 billion of passive investments in global equities. The changeover to the [MSCI World Climate Paris Aligned Index](#) and the [MSCI Emerging Markets Climate Paris Aligned Index](#) commenced in June 2022, with the new benchmark taking effect on 1 July 2022.

The changes will further reduce the Fund's exposure to carbon emissions as well as deliver better environmental, social and governance (ESG) outcomes across the board. They will also significantly reduce the number of publicly listed companies that the Fund owns directly.

The NZ Super Fund undertook many months of technical analysis weighing up a range of risk, return, cost and implementation considerations to ensure that making this shift will not have a detrimental impact on investment returns. The Fund also considered a range of ESG enhanced portfolios to ensure the selection of a set of portfolios that would have the best impact on social and environmental outcomes, including meeting net zero commitments.

