

# **Other Material Information**

## **Ports Retirement Plan**

**15 December 2025**

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## Section 1 – General

This document sets out important information about your investment in the Ports Retirement Plan (**Plan**). It should be read together with the Product Disclosure Statement (**PDS**) for the offer of membership of the Plan, the Statement of Investment Policy and Objectives (**SIPO**) and the other Plan-related documents held on the register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (**Disclose**).

In this document:

- *Trustee, we, us or our* means Ports Retirement Trustee Limited.
- *Current or currently*, in relation to legislation, policy, activity, a practice or any matter, refers to that legislation, policy, activity, practice or matter as at the date of this document.
- Capitalised terms not otherwise defined have the meaning given to them in the PDS or the Trust Deed for the Plan unless the context requires otherwise.

We have prepared this document to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (**FMC Act**) and clause 52 of Schedule 4 to the Financial Markets Conduct Regulations 2014.

## Section 2 – Trustee and its directors

The Plan was established by the Rail and Maritime Transport Union Incorporated (**Union**) on 15 October 1985 to provide retirement and leaving service benefits to employees of the Participating Employers and members of the Union. It is a restricted workplace savings scheme governed by its Trust Deed (a copy of which is held on Disclose) and invested in accordance with its SIPO.

### The Trustee

The Trustee of the Plan is Ports Retirement Trustee Limited. It is wholly owned by the Union and its sole purpose is to act as the trustee of the Plan.

The Trustee's constitution allows for up to 9 directors, comprising:

- up to 4 who are appointed by the Union after consulting with Plan members (**Union-Appointed Directors**) – as at the date of this document there are 3 Union Appointed Directors;
- up to 4 who are appointed by a unanimous decision of the remaining directors (**Trustee-Appointed Directors**); and
- a **Chairperson**, who can be either:
  - an additional director elected unanimously by the other directors; or
  - following a vacancy, an existing director elected by a majority of the other directors.

The Chairperson is selected on the basis of general ability to manage the affairs of the Plan and the other directors, and general knowledge of retirement scheme matters.

## **Trustee's directors**

The Trustee currently has 8 directors, being:

### **Wayne Butson** of Paraparaumu (*Chairperson*)

Wayne was appointed as a Trustee of the Plan in 2010. He was the General Secretary of the Union from 1999 until retiring from the Union's employment in 2022 and is a trustee of both the New Zealand Locomotive Engineers' Sickness, Accident and Death Benefit Fund (**Locomotive Engineers Fund**) and the NZ Railways Staff Welfare Trust.

### **Christopher Ball** of Paraparaumu (*Trustee-Appointed Director*)

Christopher was appointed as a director of the Trustee in 2017. He is a Chartered Accountant and is also the Chairperson of the Locomotive Engineers Fund.

### **Andrew Johnson** of Wellington (*Trustee-Appointed Director and Licensed Independent Trustee director*)

Andrew was appointed in 2020 to act as the Licensed Independent Trustee director of the Plan for the purposes of the FMC Act. He has extensive investment and superannuation industry experience dating back to the early 1980s. Andrew is a trustee director for two other restricted workplace savings schemes.

### **Simon Kebbell** of Tauranga (*Trustee-Appointed Director*)

Simon was appointed as a director of the Trustee in 2017. He is an experienced finance professional who holds a Bachelor of Management Studies (Hons) and is also a Chartered Accountant. He is the Chief Financial Officer of Port of Tauranga Limited.

### **Andrew Kelly** of Christchurch (*Union-Appointed Director*)

Andrew was appointed as a Trustee of the Plan in 2014. He has worked since 2006 as a fitter/turner at Lyttelton Port Company Limited. He has previously served the Union both as a branch president and as the South Island Ports Representative on the National Management Committee. Andrew served his apprenticeship in the UK and moved to NZ over 35 years ago.

### **Vincent Mortimer** of Christchurch (*Trustee-Appointed Director*)

Vincent was appointed as a director of the Trustee in May 2023. His specialist expertise includes governance and policy development, enterprise resource planning (ERP) implementation and financial planning and he has over 25 years' experience in finance and commercial roles. He is the Chief Financial Officer of Lyttelton Port Company Limited.

### **Todd Valster** of Upper Hutt (*Union-Appointed Director*)

Todd was appointed as a director of the Trustee in July 2025. He is currently the General Secretary of the Union, having become Acting General Secretary in September 2022 and then been formally elected to the General Secretary position in April 2023. Todd had previously been employed by the Union as an Organiser since 2002. He is also a trustee of the Locomotive Engineers Fund.

### **Dion Young** of Tauranga (*Union-Appointed Director*)

Dion was appointed as a Trustee of the Plan in 2009. He works as a cargo handler and crane driver for C3 Limited in Tauranga. A South Islander, Dion has lived in Mount Maunganui since 2003 and is a delegate of the Union's Bay of Plenty Port Branch.

## **Section 3 – More about the Plan**

### **Asset valuations**

Before determining the rate of investment earnings applying to each investment fund (Balanced and Conservative) from time to time, the Trustee determines the net market value of the assets held for that investment fund according to generally accepted accounting practice.

### **Monthly and year-end before-tax earnings rates (and costs deductions)**

As soon as practicable after each month-end other than March (the Plan's year-end is 31 March), the Trustee:

- determines the before-tax rate of investment earnings for each investment fund with respect to that month (for crediting or debiting to Member Accounts and Employer Accounts) based on the investment returns information provided by the managers of the managed investment schemes into which Plan assets are directly invested; and
- deducts from Member Accounts and Employer Accounts (in proportion to each member's total balance) the amounts that it considers appropriate (in addition to the dollar-based monthly membership fee set out in the PDS) to provide for the expenses, fees, charges and costs associated with operating and administering the Plan.

As soon as practicable after the Plan's year-end financial statements are completed and audited as at each 31 March, the Trustee:

- determines the before-tax rate of investment earnings for each investment fund with respect to the month of March (for crediting or debiting to Member Accounts and Employer Accounts):
  - based on the investment returns information shown in the Plan's audited year-end financial statements; and
  - after allowing for the investment earnings already allocated during the year; and
- deducts from Member Accounts and Employer Accounts (in proportion to each member's total balance) the expenses, fees, charges and costs incurred in operating and administering the Plan during the year (as shown in the audited financial statements) less:
  - the dollar-based monthly and year-end membership fees (as set out in the PDS) already paid; and
  - the other amounts already paid to provide for the expenses, fees, charges and costs associated with operating and administering the Plan during the year.

### **Investment income tax**

After determining each monthly before-tax investment earnings rate, the Trustee deducts investment income tax from (or, if the taxable return component is negative, applies a tax credit to) Member Accounts and Employer Accounts (or each relevant portion of those accounts, where a Qualifying Member has investments in both the Balanced fund and the Conservative fund) based on:

- the member's prescribed investor rate of investment income tax (**PIR**) – see *Tax on investment income* on pages 13 and 14;
- the member's share of the investment fund's taxable investment income; and
- the tax-deductible expenses, fees, charges and costs allocated to the member.

### **Final before-tax earnings rates**

When a member retires, dies, suffers Total and Permanent Disablement or otherwise leaves service (or, in the case of a Deferred Member, formally notifies a full withdrawal) the Trustee calculates a before-tax investment earnings rate (which can be positive or negative) for the relevant investment fund (or for each investment fund where relevant) in respect of the period between:

- the last month-end as at which investment earnings were applied to members' accounts as described above; and
- the date of (as applicable):
  - the member retiring or leaving service as formally notified to the Trustee (or if the Trustee does not receive that formal notice until after the member has retired or left Service, its receipt of the notice); or
  - the Trustee receiving formal notice of the member's death; or
  - the determination of the Total and Permanent Disablement benefit claim; or
  - the Trustee receiving the Deferred Member's formal notice of full withdrawal.

The Trustee calculates each final before-tax investment earnings rate based on:

- the actual investment earnings for the relevant investment fund over any period:
  - from the last month-end as at which investment earnings were applied to Member Accounts and Employer Accounts; through to
  - the latest month-end as at which investment returns information is available from the managers of the managed investment schemes into which Plan assets are directly invested; and
- for the period from that latest month-end though to the benefit calculation date, the return from the benchmark portfolio against which the Trustee compares the investment returns for the investment fund (see *Market indices* on pages 16 and 17), after weighting that portfolio according to the actual asset allocations held for the investment fund at as at that month-end.

### **Final costs and investment income tax adjustments**

After applying that final before-tax investment earnings rate to the member's Member Account and Employer Account (or the relevant portion of each account) the Trustee then:

- deducts the amount that it considers appropriate (in addition to the relevant dollar-based fees as set out in the PDS) to provide for the expenses, fees, charges and costs associated with operating and administering the Plan; and
- deducts investment income tax from (or if the taxable return component is negative, applies a tax credit to) the accounts based on the member's PIR and share of

taxable income and the tax-deductible expenses, fees, charges and costs allocated to the member.

### **Compensation policy**

The Trustee has a compensation policy that will apply if a material error is made in determining the rate of investment earnings applied to any member's accounts or benefit. Under the current policy, unless the Trustee determines otherwise, a material error is one that equals or exceeds 0.30% of the value that would have accumulated without the error (and the Trustee may choose not to pay compensation to an exited member for an amount less than \$20).

### **First home purchase withdrawals**

Subject to our consent, you can make a withdrawal from the Plan (not exceeding the balance in your Member Account) to help you purchase your first home or land. To do this you must meet qualifying conditions corresponding to those set out in the KiwiSaver Act 2006. In summary terms, these are that you:

- have been a Plan or KiwiSaver member for at least 3 years;
- have not made a first home withdrawal before;
- intend the property to be your principal place of residence; and
- have never owned a home or land before, either alone or jointly (limited exceptions apply – please refer to the Administration Manager for details).

You must ensure you apply for this withdrawal more than 10 business days before your deposit or settlement payment is due, and you cannot make the withdrawal after your property purchase has settled.

If you are seeking the withdrawal to buy land on which to build your first home then you must apply the amount withdrawn towards buying the land (not building the home).

If we approve your first home purchase withdrawal, we will pay the money direct to your solicitor or conveyancing practitioner.

If you have owned a home or land before and do not qualify to make a first home purchase withdrawal, you may still be able to make a withdrawal if you give us confirmation from Kāinga Ora (formerly Housing New Zealand) that it is satisfied your financial position is what would be expected of a person who has never owned land or a house.

For more information or a form, phone Kāinga Ora (0508 935 266) or visit [www.kaingora.govt.nz](http://www.kaingora.govt.nz) (search *Home ownership* then click on the *KiwiSaver first-home withdrawal* link).

### **Meaning of Total and Permanent Disablement**

If you suffer Total and Permanent Disablement before age 70 and while contributing to the Plan then (subject to exclusions, as explained in the PDS) we will pay you the same benefit that would be paid had you died.

*Total and Permanent Disablement* means such total physical or mental disablement as is covered by our insurance policy from time to time. Currently it means you having been absent from your usual employment due to sickness or accident for at least 6 consecutive months from when you suffered your disablement, you not being employed elsewhere and:

- our insurer being satisfied, after considering medical and other evidence, that you have become incapacitated directly as a result of the sickness or accident to such an extent as to prevent you from ever working in any gainful employment for which you are reasonably suited by education, training or experience; or
- you having suffered the complete and irrecoverable loss of two limbs or the sight of both eyes or the loss of one limb and the sight of one eye.

### **Deferred Members – withdrawals**

If you are a Deferred Member then as at the date of this document:

- you may make a maximum of six partial withdrawals per year (including a final full withdrawal), for amounts and on dates the Trustee agrees with you, provided that:
  - each withdrawal is for at least the minimum amount that the Trustee from time to time determines (currently \$1,000);
  - after any partial withdrawal you retain the minimum Plan balance that the Trustee from time to time determines (currently \$5,000);
- if your Plan balance falls below (or, following a partial withdrawal, will fall below) the minimum amount determined by the Trustee, the Trustee may in its sole discretion pay to you your remaining Plan balance, after which your membership will cease; and
- you may elect to make a full and final withdrawal at any time on giving the Trustee written notice (following which your interest in the Plan will cease).

The Trustee may vary the above terms and conditions at its discretion (and may at its sole discretion allow differing withdrawal arrangements in individual cases).

### **Qualifying Members – switching**

If you are a Qualifying Member (i.e. you have left service and chosen to stay in the Plan, or you have reached NZ Super age) then, as explained in the PDS, you have a choice of investment funds (Conservative or Balanced, or a mix of the two).

As at the date of this document you may change the investment fund in which your Plan balance is invested (or your currently chosen mix) up to two times per calendar year, effective 1 January and 1 July, provided that:

- the Administration Manager receives your switching notice at least 5 business days before the relevant effective date; and
- for the second switch in any year, you will incur a switch fee (currently \$50) deducted from your balance.

### **Amending the Trust Deed and SIPO**

We can amend or replace the Trust Deed for the Plan with the consent of the Union and the Financial Markets Authority (and subject to other restrictions set out in the FMC Act).

We can amend the SIPO for the Plan, including our target asset allocations and the permitted ranges, at any time.

We will notify you of any material changes to the Trust Deed or the SIPO in the next Annual Report for the Plan.



## **Winding up the Plan**

The Union may direct the Trustee that the Plan is to be wound up (or we may wind up the Plan with the Union's written consent). The Financial Markets Authority may also require the Plan to be wound up in certain circumstances set out in the FMC Act.

If the Plan is wound up, your claim on its assets will rank behind outstanding fees and expenses, taxation liabilities, any other claims preferred at law and the Plan wind-up costs. This means that after a wind-up you may not recover the full amount paid to the Plan by you or for your benefit.

Your claim on Plan assets will rank equally with all other members' claims on a wind-up.

## **Indemnities**

Unless the Trustee fails to meet the standard of care required by the FMC Act, both the Trustee and its directors are indemnified from the assets of the Plan for and in respect of any loss or liability which they may sustain or incur by reason of the carrying out or omission of any function, duty or power of the Trustee under the Trust Deed.

You indemnify the Trustee for tax paid on income attributed to you from the Plan. This indemnity only applies if your interest in the Plan is not sufficient to meet any tax liability on income attributed to you.

Further information in relation to the Trustee's responsibilities and indemnities is set out in the Trust Deed.

## **Transfers**

When you qualify for a benefit from the Plan, you may direct the Trustee to transfer your benefit entitlement to any other workplace savings scheme, KiwiSaver scheme, superannuation scheme or equivalent overseas retirement scheme that agrees to accept the transfer.

## **Section 4 – Risks**

### **General**

No investment is free from risk. The potential return on an investment carries a corresponding potential level of risk that you may lose some or all of the investment, receive negative returns or not receive a particular rate of return. Investments in the Plan are not guaranteed.

Under the Trust Deed, the benefit paid to you from the Plan cannot be less than your total personal contributions to the Plan. However, this is not a guarantee of the value of your investment in the Plan, as it does not cover the loss of the investment earnings on your own contributions and nor does it cover the loss of your Participating Employer's contributions (or of the investment earnings on those).

There are risks associated with investing in the Plan as the value of your investment is linked to market performance. Investment returns will fluctuate from time to time according to market conditions (this is sometimes called 'volatility') and may in some years be negative.

Generally, investments in income assets (such as cash, cash equivalents and fixed interest) tend to be less volatile than investments in growth assets (such as equities, property and infrastructure). The value of your investment in the Plan can go up or down.

## Main risks

The main risks that will or might affect your investment in the Plan include:

- Asset allocation risk – the risk arising from the Trustee’s chosen mix of growth and income assets for an investment fund;
- Market risk – the risk of investments being affected by market sentiment, inflation, interest rates and employment, political events, environmental and technological issues or natural disasters – we seek to reduce this risk by investing Plan assets in diversified portfolios which, as at the date of this document, consist of equities, property, infrastructure, fixed interest, cash and cash equivalents and alternative assets (both New Zealand and international);
- Manager risk – the risks associated with the investment decisions made by the managers of the managed investment schemes into which we invest – in this regard:
  - Plan assets are invested as at the date of this document in managed investment schemes managed by Harbour Asset Management Limited, Mercer (N.Z.) Limited and Amova Asset Management New Zealand Limited (and those managers also invest through a range of underlying investment managers); and
  - the investment style and strategy of a particular investment manager (or underlying investment manager) may result in returns differing from any relevant index (and from competing investments).

We seek to reduce this risk by reviewing our investment manager appointments from time to time and using a diverse range of investment managers with differing styles and philosophies;

- Currency risk – the risk that fluctuations in currency exchange rates will affect returns from our international investments – in this regard:
  - the managed investment schemes through which we invest internationally have differing levels of exposure to currency fluctuations depending on:
    - the asset class; and
    - the level of currency hedging (‘currency hedging’ is a strategy used by investors to reduce or eliminate the impact of currency fluctuations on the value of their international investments); and
  - currently our offshore investments are hedged against currency exchange rate fluctuations as described in the SIPO;
- Credit risk – the risk associated with investments in cash and cash equivalents and fixed interest being exposed to borrowers defaulting on loans or otherwise being unable to meet their financial obligations (resulting in reduced returns or inability to recover the full amount invested);
- Interest rate risk – the risk that changes in interest rates may directly or indirectly affect the return from investments by impacting on the current market value (particularly in cash and cash equivalents and fixed interest);
- Specific investment risk – the risk that equities in which we invest will under-perform due to poor corporate management, competitive activity or economic

factors (or be unable to pay dividends or distributions) - we seek to reduce this risk by investing into equity products which are widely invested (these are referred to in the SIPO);

- Liquidity risk – the risk that assets cannot be sold, or can only be sold at a discount, to enable withdrawals or transfers (some assets are more difficult to sell than others, especially when market conditions deteriorate);
- Derivative risk – a derivative is a financial arrangement the value of which depends on the future value of underlying assets (such as equities, fixed interest or cash and cash equivalents) and which is designed to provide exposure to an underlying asset without having to buy or sell the asset – the managers of the managed investment schemes into which we directly invest may from time to time use derivatives to manage market or currency risk or to seek improved returns, and some underlying investment managers may also use derivatives (for example as a risk management tool) – derivative risks include the fact that:
  - using derivatives as a risk management tool will not remove all exposure to risks; and
  - using derivatives as an alternative to investing in physical assets can magnify the effect of adverse asset price fluctuations (potential gains and losses from derivative transactions can be substantial and increase volatility).

### **Asset class risks**

There are also specific risks arising from investments in each asset class. The main risks associated with each asset class are:

- Cash and cash equivalents: inflation risk (the risk that inflation will erode value - i.e. that the return on the investment is less than inflation) and credit risk;
- Fixed interest: interest rate risk and credit risk;
- Equities: market risk and currency risk;
- Property: market risk and liquidity risk;
- Infrastructure: market risk and regulatory risk (see below - infrastructure assets can operate within highly regulated environments and be impacted more than other investments by government policy changes); and
- Alternative assets: manager risk, market risk and specific investment risk.

The relative significance of these specific risks will be affected by each investment fund's asset allocations from time to time.

### **Other risks**

The value of your investment in the Plan may also be affected by:

- Regulatory risk: changes to tax or other relevant legislation in New Zealand or overseas adversely affecting the operation of the Plan or its investments;
- Administrative or operational risk: technological or other failures, a process failure, a cyber-attack, fraud, litigation, disruption to business by reason of industrial dispute, system failure, natural disaster, pandemic illness or other unforeseen events affecting either the Plan or markets generally;

- Loss of PIE status risk: the Plan failing to meet the on-going eligibility criteria for PIE status and our being unable to remedy this in time, meaning all the Plan's taxable investment income would be taxed at 28% rather than at members' individual PIRs - we monitor the Plan's on-going compliance with the PIE legislation;
- Counterparty risk: the risk of the other party to a contract not fulfilling or disputing its obligations, becoming insolvent or otherwise being unable to meet its financial obligations (if this occurs, the full value of the investment may not be recovered); and
- Service provider risk: any of the parties helping operate the Plan or investing Plan assets failing to perform their obligations (adversely affecting investment returns, service levels or withdrawal payments).

## **Section 5 – More information on fees**

### **Annual fund charges**

The annual fund charges estimate for each investment fund shown in the PDS (which is additional to the dollar-based fees shown) includes estimates of:

- the investment management fees (net of any rebates) for each asset class as advised by our Investment Consultant, weighted by our current target asset allocations; and
- the total amount (expressed as a percentage of the Plan's net asset value) by which the non-investment-related expenses, fees, charges and costs incurred by the Plan during the year will exceed the total dollar-based fees charged.

The actual annual fund charges will vary each year.

In coming to our overall estimates we have assumed that ongoing charges from our service providers (including investment management costs, expressed as percentages of the net asset value of the assets which we hold in each asset class) will not significantly differ from those currently charged.

We have also assumed the continuation of both our current target asset allocations for each investment fund and the current range of investment manager appointments.

Each estimate shown in the PDS is presented as a percentage of the net asset value of the relevant investment fund.

### **Insurance premiums**

As at the date of this document, the standard insurance premiums for the additional death and Total and Permanent Disablement benefits that are payable from the Plan subject to insurance (as described in the PDS) are as shown in the Schedule to this document. These premiums are subject to change.

## **Section 6 – Taxation**

### **Tax on contributions**

Member contributions to the Plan are made from after-tax income, so no more tax is payable on those contributions.

Your Participating Employer must deduct employer's superannuation contribution tax (**Contribution Tax**) from any contributions it makes for your benefit before they are paid to the Plan. The Contribution Tax rate is calculated based on:

- the before-tax earnings and superannuation contributions which you received from that Participating Employer during the last income year (1 April to 31 March); or
- if that Participating Employer did not employ you for all of that income year, its estimate of the before-tax earnings and employer superannuation contributions (to any workplace savings scheme or KiwiSaver scheme) that it will pay for your benefit during the current income year.

You can find information on the current Contribution Tax rates on the Inland Revenue website [www.ird.govt.nz](http://www.ird.govt.nz) (search for *ESCT*).

## **Tax on investment income**

### ***PIE tax rates***

The Plan is a portfolio investment entity (**PIE**) for tax purposes. This means that we:

- attribute to you a proportionate share of the Plan's taxable income or tax credits;
- calculate tax, or a tax credit, on that proportion based on the most recent prescribed investor rate (**PIR**) that you or Inland Revenue have notified to us or the default rate (currently 28%) if no PIR has been notified – you must give us your PIR (see below);
- pay this tax (**PIE tax**) or receive a PIE tax credit; and
- adjust either your Plan balance or a withdrawal amount to reflect PIE tax paid or a refundable PIE tax credit received.

Your PIR will be 10.5%, 17.5% or 28%. For information on current PIRs and how to determine your PIR, see [www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate](http://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate).

You can find more information about PIEs on the Inland Revenue website [www.ird.govt.nz](http://www.ird.govt.nz) (search *Portfolio investment entities*).

We take no responsibility for your taxation liabilities, and you should seek your own independent professional advice as to your particular tax position.

### ***Investment income tax by investment type***

Our investment returns from holding shares in New Zealand resident companies and in most Australian resident companies listed on an approved ASX index are generally taxed under the PIE tax rules in terms of which:

- no tax is paid on any gains from selling such shares (and tax deductions cannot be claimed for any losses); and
- dividends are fully taxable, with a credit allowed for any attached imputation credits (but not for any Australian franking credits) and tax credits may be claimed for any withholding tax deducted from such dividends.

Our international shares, international listed property, international listed infrastructure and alternative income investments are generally taxed under the 'fair dividend rate'

**(FDR)** method. Under this method they produce deemed income equal to 5% p.a. of their average daily market value and:

- a credit is available for any withholding tax paid on dividends received, subject to certain limits; and
- any dividends or profits from selling the investments are ignored for tax purposes and no tax deductions are allowed for any losses.

Interest earned from income investments and cash at the bank, foreign exchange gains from non-New Zealand dollar denominated fixed interest investments, and (except as described below) income derived from hedging contracts<sup>1</sup> and other derivatives, are all taxable. Deductions are generally available for losses on those investments, including any foreign exchange losses from non-New Zealand dollar denominated fixed interest investments, and (except as described below) losses derived from hedging contracts and other derivatives.

As at the date of this document the manager of the relevant underlying funds (Mercer) has elected to apply the FDR hedging rules to the taxation of hedging contracts held in relation our international equities, international listed property and international listed infrastructure investments. Applying the FDR hedging rules to the taxation of hedging contracts means that income or losses arising from those contracts are taxed in a way that broadly aligns with the FDR method described above (impacting the amount of taxable income and the availability of deductions).

The relevant underlying fund manager may elect at any time, with respect to hedging contracts held for all or any of our international equities, international listed property and international listed infrastructure investments, that the FDR hedging rules will not apply. In that case, the relevant hedging contracts will be taxed under the usual rules, which should mean that all income or losses arising from those contracts are fully taxed.

The hedging contracts relating to our alternative income investments are held within the relevant underlying offshore fund. As such, the income derived from them is included in the overall market value that is taxed under the FDR method, as described above.

Deductions are generally available for expenses incurred in earning income.

### **Tax on benefits**

Non-resident members should seek tax advice in their country of residence concerning the tax treatment in that country of payments or transfers from the Plan.

Under current legislation, except as described above, when you make a withdrawal from the Plan in New Zealand the amount withdrawn will not be subject to any further taxation.

### **Tax laws may change**

The above summary of the tax laws is accurate as at the date of this document. However, the law may change at any time and such changes may mean the summary is no longer accurate.

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<sup>1</sup> A hedging contract (in this context) means a contract which the manager of an underlying fund enters into for the purpose of protecting investments from potential losses due to fluctuating exchange rates.

## **Section 7 – Conflicts of interest**

Up to four of the Trustee's directors at any time are appointed by the Union (and the Union may also appoint a Chairperson unless the other Trustee directors, acting unanimously, make that appointment). Currently the Chairperson (who was appointed by the Union) and one other Union-Appointed Director are members of the Plan.

Other directors of the Trustee may be or become members of the Plan from time to time.

Certain of the Trustee's directors are employed by Participating Employers.

Additionally, the Union:

- is remunerated for the secretarial services that are provided to the Plan by the Plan Secretary (who is a Union employee); and
- is entitled to be reimbursed from Plan assets for all expenses that it pays from time to time with respect to the Plan.

Notwithstanding the interests of the parties which have appointed or which employ them, all the Trustee's directors are required to act independently, honestly, in good faith and in the members' best interests, treat members equitably and not use Plan information either for improper advantage or to cause detriment to members. The Trustee must also, in exercising any power or performing any duty, exercise the care, diligence and skill that a prudent person of business would exercise in the same circumstances.

Additionally:

- the Plan uses an Administration Manager and investment managers who are independent of both the Union and the Participating Employers;
- both the Administration Manager and the Investment Consultant to the Plan are independent of any investment manager (or underlying investment manager); and
- three of the Trustee's directors (including the Licensed Independent Trustee) are themselves independent of both the Union and the Participating Employers.

Where the Trustee has entered, or enters, into any transaction providing for a related party benefit (as defined in the FMC Act) to be given:

- that transaction must be in the members' best interests or on arm's length terms (or otherwise comply with the FMC Act related party transactions provisions); and
- the Trustee, with the consent of the Licensed Independent Trustee director, must certify accordingly.

If any particular conflicts of interest do arise in relation to the Plan, then the Trustee's directors will identify and record those conflicts and take steps to manage them (as appropriate) on a case-by-case basis. Those steps might include (for example):

- taking independent legal and other advice concerning the exercise of their duties and powers; and
- having a Trustee director who is conflicted by reason of having a deliberative role for the Union or a Participating Employer (or for a member or group of members)

in relation to a matter under consideration withdraw from the relevant discussions and decision-making process.

## **Section 8 – Material contracts**

Under an Agreement for Administration Services with the Trustee dated 23 June 2022, Melville Jessup Weaver (**MJW**) acts as the Plan's Administration Manager and accordingly administers the Plan on the Trustee's behalf.

The administration services provided by MJW include (among other things):

- maintaining and managing member and Plan-related data and member accounts;
- cash management;
- insurance administration;
- attending to new member admissions;
- receiving, reconciling and banking contributions and ensuring creditor payments;
- managing benefit claims and withdrawal and transfer payments;
- attending to interim and year-end earnings rate determinations;
- ensuring compliance with all disclosure and year-end and event-driven reporting and registration requirements and with the Trustee's Privacy Act 2020 obligations;
- maintaining the Plan's website;
- ensuring compliance with all tax, accounting and auditing requirements for the Plan; and
- assisting the Trustee as custodian with meeting its custodial controls obligations (including providing the Trustee, as custodian, annually with a Type 2 ISAE 3402 custodial controls report).

Nothing in the Agreement for Services limits or alters the powers of the Trustee or its duties under the Trust Deed and applicable law.

MJW also acts as the Plan's Investment Consultant (under a separate Investment Consulting Agreement with the Trustee dated 23 June 2022).

## **Section 9 – Market indices**

The benchmark portfolio against which we compare the investment return for each investment fund (Conservative and Balanced) is a composite index:

- comprising the benchmark indices used to measure the investment fund's performance by asset type; and
- weighted according to the target investment mix for that investment fund.

The current benchmark indices used by the Plan (by asset class) are set out in the SIPO on Disclose (select *Search Schemes* and enter *Ports*).



More information about the benchmark indices referred to in the SIPO (and in the fund update for each investment option) can be found on the following websites:

- S&P/NZX 50 Gross Index - <https://www.spglobal.com/spdji/en/indices/equity/sp-nzx-50-index/>
- MSCI World (ex-New Zealand, Tobacco, Controversial and Nuclear Weapons) Net Total Return Index - <https://www.msci.com/world>
- FTSE EPRA Nareit Developed Index - <http://www.ftse.com/products/indices/epra-nareit>
- Dow Jones Brookfield Global Infrastructure Index - <https://www.spglobal.com/spdji/en/indices/equity/dow-jones-brookfield-global-infrastructure-index/#overview>
- Bloomberg NZBond Bank Bill Index - <https://www.bloomberg.com/quote/BNZBIL:IND>
- Bloomberg NZBond Composite 0+ Yr Index - <https://www.bloomberg.com/quote/BNZCM0:IND>
- Bloomberg Global Aggregate Total Return Index - <https://www.bloomberg.com/quote/LEGATRUH:IND>

## Schedule – Insurance Premiums

The standard annual insurance premium rates (as multiples of \$1) which are payable as at the date of this document for each \$1,000 of death and Total and Permanent Disablement (**TPD**) insurance cover that is available to contributing employee members of the Plan who are aged below 70 are as shown in the table on the next page.

These amounts include GST.

Where the table refers to "*Age Next Birthday*", this means a member's age as at the birthday following the later of:

- the most recent 1 April; and
- the date when the member joined the Plan.

As explained in the PDS, a member's cover level reduces with age.

Premiums are paid to the insurer annually and charged to your Employer Account at the beginning of the year. If you leave service during the year (at which point your insurance cover will cease) you will be reimbursed for the portion of your annual premium which was paid in respect the period from the date when you left service to the end of the Plan year.

The Insurer may also apply a premium loading (i.e. you may need to pay a higher premium) based on your health status.

The premium rates set out in the table on the next page are fixed until 31 March 2027 and will then be reviewed effective 1 April 2027.

Age Next	Death		TPD	
	Male	Female	Male	Female
16	0.4252	0.1727	0.0190	0.0091
17	0.4252	0.1727	0.0190	0.0091
18	0.4521	0.1840	0.0257	0.0124
19	0.4994	0.2066	0.0394	0.0192
20	0.5365	0.2178	0.0542	0.0259
21	0.5664	0.2102	0.0690	0.0305
22	0.5767	0.1990	0.0829	0.0343
23	0.5865	0.1914	0.0962	0.0380
24	0.5830	0.1840	0.1084	0.0414
25	0.5789	0.1802	0.1190	0.0453
26	0.5674	0.1840	0.1274	0.0513
27	0.5499	0.1914	0.1353	0.0584
28	0.5414	0.1990	0.1433	0.0659
29	0.5291	0.2102	0.1497	0.0807
30	0.5201	0.2216	0.1563	0.0973
31	0.5144	0.2328	0.1636	0.1163
32	0.5122	0.2477	0.1718	0.1393
33	0.5136	0.2629	0.1809	0.1656
34	0.5188	0.2816	0.1913	0.1975
35	0.5316	0.3078	0.2192	0.2276
36	0.5483	0.3379	0.2512	0.2625
37	0.5732	0.3679	0.2897	0.2996
38	0.6024	0.4018	0.3341	0.3425
39	0.6358	0.4431	0.3852	0.3945
40	0.6779	0.4881	0.4467	0.4531
41	0.7248	0.5332	0.4923	0.5150
42	0.7765	0.5857	0.5431	0.5880
43	0.8372	0.6420	0.6022	0.6687
44	0.8910	0.6984	0.6703	0.7539
45	0.9556	0.7622	0.7510	0.8518
46	1.0310	0.8298	0.8456	0.9587
47	1.1129	0.9011	0.9516	1.0752
48	1.2086	0.9761	1.0765	1.2017
49	1.3258	1.0550	1.2289	1.3386
50	1.4598	1.1376	1.4069	1.4865
51	1.6101	1.2240	1.6124	1.6457
52	1.7798	1.3179	1.8507	1.8218
53	1.9722	1.4231	2.1281	2.0210
54	2.1901	1.5470	2.4507	2.2557
55	2.4289	1.6934	2.8167	2.5334
56	2.6876	1.8660	3.2287	2.8625
57	2.9767	2.0688	3.7024	3.2519
58	3.3331	2.3016	4.2455	3.7050
59	3.7362	2.5683	4.8709	4.2316
60	4.1638	2.8723	5.6119	4.8413
61	4.7054	3.2140	6.4841	5.5390
62	5.3811	3.5971	7.4994	6.3351
63	6.1646	4.0251	8.6854	7.2413
64	7.0660	4.4944	10.0611	8.2555
65	8.0993	5.0088	11.6513	9.3899
66	9.2799	5.5683	7.9330	6.1871
67	10.5134	6.1690	8.8882	6.7858
68	11.8969	6.8185	9.9229	7.4430
69	13.4417	7.5170	11.0582	8.1692
70	15.1626	8.2717	12.1365	8.5193