

AUGUST 2023

KiwiSaver Default Fund Instrument of Appointment – Exclusions

This information sheet details the investments that must be excluded from default KiwiSaver funds. It has been extracted from the instruments which appointed KiwiSaver default providers in August 2021.

11. Investment exclusion – weapons and devices

- 1) The default provider must exclude from the default product assets companies that are involved in the prescribed activities relating to –
 - a) cluster munitions; or
 - b) anti-personnel mines; or
 - c) nuclear explosive devices

- 2) The exclusion in sub-clause (1) applies to all investments –
 - a) where the shares are held directly in companies that undertake the prescribed activities;
 - b) in shares of majority owners of excluded companies (for example parent companies);
 - c) in shares of subsidiary companies of excluded companies where that subsidiary has any involvement in the prescribed activity;
 - d) in managed investment schemes that have any investments listed in (a) to (c).

12. Investment exclusion – fossil fuels

- 1) The default provider must exclude from the default product assets companies that –
 - a) own proved or probable reserves in coal, oil or gas, and derive at least 15% of their revenue from exploration and extraction of coal, oil or gas; or
 - b) has its primary business activity in any of the excluded subsectors prescribed in table 1 or table 2 of Schedule 5.

- 2) The exclusion in sub-clause (1) applies to –
 - a) all investments where the shares are held directly;

b) investment in management investment schemes that have any investments in the companies described in subclause (1).

3) For the purpose of subclause (1) oil includes tar sands, gas includes shales (as a source of gas) and metallurgical coal is not included in the term coal.

Schedule 5

Investment exclusion – fossil fuels

Table 1

Industry Classification Benchmark

Subsector	Definition
Integrated Oil and Gas 60101000	Companies that engage in all three fields of petroleum production: Extraction (upstream), Transportation (midstream), and Refining and Marketing (downstream).
Oil: Crude Producers 60101010	Companies engaged in the exploration for and drilling, production and supply of crude oil on land.
Offshore Drilling and Other Services 60101015	Companies that primarily explore and drill for oil and gas in offshore areas.
Oil Equipment and Services 60101030	Suppliers of equipment and services to oil fields and offshore platforms, such as drilling, exploration, seismic-information services and platform construction.
Coal 60101040	Companies that mine, process and market coal.

Table 2

Global Industry Classification Standard

Sub-industry	Definition
Oil & Gas Drilling 10101010	Drilling contractors or owners of drilling rigs that contract their services for drilling wells.

Oil & Gas Equipment & Services 10101020	Manufacturers of equipment, including drilling rigs and equipment, and providers of supplies and services to companies involved in the drilling, evaluation and completion of oil and gas wells.
Integrated Oil & Gas 10102010	Integrated oil companies engaged in the exploration and production of oil and gas, as well as at least one other significant activity in either refining, marketing and transportation, or chemicals.
Oil & Gas Exploration & Production 10102020	Companies engaged in the exploration and production of oil and gas not classified elsewhere.
Coal & Consumable Fuels 10102050	Companies primarily involved in the production and mining of coal, related products and other consumable fuels related to the generation of energy. Excludes companies primarily producing gases classified in the Industrial Gases sub-industry.