

Responsible Investment Policy

Simplicity NZ Limited

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Introduction

Simplicity NZ Limited (Simplicity, SNZL, us, we, our) is licensed as a Managed Investment Scheme (MIS) manager by the Financial Markets Authority (FMA) and is the issuer of the Simplicity KiwiSaver Scheme and Simplicity Investment Funds registered schemes (the Schemes).

Simplicity Investment Management Limited (SIML), a wholly owned subsidiary of Simplicity, is the trustee and manager of the Simplicity Wholesale Funds scheme, which includes the Private Equity Fund, First Home Mortgage Fund, and Property Fund. Simplicity performs certain management functions on behalf of SIML.

In accordance with the Statement of Investment Policies and Objectives (SIPOs) the Schemes may invest in the Simplicity Wholesale Funds to gain exposure to various asset classes.

Guiding principles

Simplicity NZ Limited is a non-profit company which is 100% owned by the Simplicity Foundation. We endeavour to conduct our business as a responsible corporate citizen. Our governing principles guide everything we strive to do. We believe in:

- Providing our investors with dignity in retirement.
- Offering New Zealanders effective, low-cost financial products.
- Giving the benefits of scale to investors.
- Being responsible investors.

Our purpose is to deliver market returns consistent with the risk profile of each Fund on a low-cost basis. Our investment philosophy is to take a passive approach and pass on fee savings to members.

We consider the term 'responsible investment' to be interchangeable with other terms in common use including 'ethical', 'sustainable', and 'ESG' that describe a similar approach to investing.

Purpose

This policy describes Simplicity's approach to responsible investment. This policy is to be read alongside our scheme governing documents, including the SIPOs, Product Disclosure Statements (PDSs) and Other Material Information (OMI) documents.

Investment mandates provided to external investment managers are subject to this policy. Simplicity only invests in third-party manager products (for example, wholesale or private equity funds) that we are satisfied are consistent with this policy.

Investment approach

Simplicity is primarily a passive index investor. Our investment approach applies a negative screening (exclusion) methodology to implement this policy.

The negative screening approach has two main components:

- i. a list of excluded business activities (summarised in Schedule 1)
- ii. behaviour-related exclusions (summarised in Schedule 2)

The following outlines our approach to different portfolios.

Index-linked global portfolios managed by DWS

Simplicity has appointed an external investment manager, DWS International GmbH (DWS), to manage the international equity and fixed interest portfolios on its behalf. These portfolios track screened market indices provided and managed by Bloomberg:

- Bloomberg DM Ex NZ ESG Screened Index
- Bloomberg MSCI Global Aggregate Sustainability Select SRI Float Adjusted Index

The indices apply a negative screening (exclusion) methodology using data sourced by Bloomberg, including from MSCI and Sustainalytics. The indices are reconstituted by Bloomberg on a monthly or quarterly basis. A summary of exclusion criteria is provided in Schedules 1 and 2.

The Bloomberg index methodology documents meet or exceed the requirements of this policy and are provided separately on our [Ethical Investment webpage](#). Simplicity receives quarterly portfolio performance and mandate compliance reporting from DWS.

Index tracking domestic portfolios managed by Simplicity

The Manager's Investment Management (IM) Team is responsible for management of the New Zealand equity and fixed interest portfolios.

The New Zealand equity portfolio tracks an unscreened market index provided to the Manager by Morningstar, with screening in accordance with Schedules 1 and 2 applied by the IM Team on a pre-trade basis.

The New Zealand fixed interest portfolio is managed in accordance with a market benchmark provided by Bloomberg subject to credit rating, issuer concentration, and average instrument duration restrictions.

Direct investments selected and managed by Simplicity

The first home mortgage, unlisted property, private equity, and cash and cash equivalents portfolios are implemented through the Simplicity Wholesale Scheme, which is managed by SIML. SIML has appointed the Simplicity to perform portfolio management functions on its behalf.

Simplicity assesses each direct asset investment specifically on acquisition and on an ongoing basis to ensure that it complies with the exclusions summarised in Schedules 1 and 2.

Venture capital funds managed by Icehouse Ventures Limited

Icehouse Ventures Limited is contractually bound to maintain a responsible investment policy which is consistent with this policy. Icehouse is required to formally monitor and report to us on their compliance with this policy on a quarterly basis (in addition to continuous disclosure obligations).

Simplicity acknowledges that a screened index may perform differently from (including underperform) a corresponding unscreened index¹ over any timescale. This policy applies a negative screening (exclusion) methodology as a non-financial factor to enable our funds' investments to represent our values and what we believe is important to our members.

Future exclusions

The exclusion criteria in Schedules 1 and 2 may be updated from time to time to reflect any relevant changes to the business and investment environment, societal norms, and investor attitudes.

Where Simplicity becomes directly aware of credible public information suggesting that a specific investment or investments held in any of the portfolios should be excluded under this policy, we may review this asset and take steps to exclude it, which may result in divestment. Where we take specific exclusion actions, we will communicate this decision and action to our members as appropriate.

Compliance with screening rules

Compliance with negative screening requirements is monitored by our IM Team with oversight from our Investment Committee.

If a company or issuer in our portfolio changes its business classification, business activities, conduct or revenue mix and this results in the investment becoming excluded by this policy (a 'passive breach'), the breach will be resolved at or before the next index reconstitution.

Where an excluded investment is accidentally purchased by Simplicity or a third-party investment manager (an 'active breach'), the security will be divested as soon as practicable following identification of the breach.

To promote transparency we provide a list of the investments in our funds via our website 'Where in the world is my money' tool which is refreshed on a quarterly basis.

Screening methodology limitations

As Bloomberg screened indices apply screening rules based on ESG research data sourced from different data providers, the index methodologies differ which can result in minor differences to the way exclusions under this policy are applied to the global equity and global bond portfolios. Where applicable these differences are identified in the notes to specific exclusions presented in Schedules 1 and 2.

¹ We believe the closest unscreened equivalent to the Bloomberg DM Ex NZ ESG Screened Index is the [FTSE Developed Ex-Australia Index](#), and for the Bloomberg MSCI Global Aggregate Sustainability Select SRI Float Adjusted Index is the [Bloomberg Global Aggregate Bond Index](#).

Screening limitations apply to the Bloomberg MSCI Global Aggregate Sustainability Select SRI Float Adjusted Index due to the nature of and availability of ESG ratings and screening data for certain types of issuers and securities included in the index - a summary of screening coverage for this index is provided in Schedule 4. Companies for which ESG ratings and screening data is not available are excluded from the Bloomberg DM Ex NZ ESG Screened Index.

Due to the time taken by ESG data providers to capture, analyse, and transmit ESG research data to Bloomberg, and the fact that Bloomberg's screened indices are reconstituted periodically, there may be a delay between financial and other information being publicly released by global share and bond issuers, and application of this information to the Bloomberg screened indices.

To the extent that screening data is available, the New Zealand fixed interest portfolio is subject to responsible investment screening. This portfolio is predominantly focused on bonds issued by the New Zealand government, supra-national agencies, and the local government funding agency (LGFA).

Shareholder engagement

Proxy voting

Where we have appointed an external portfolio manager, they are authorised to exercise voting rights in accordance with their proxy voting policy. An annual report is provided to our Investment Committee on the external manager's voting activity.

Where investments are directly managed by Simplicity, we may choose to exercise shareholder voting rights at our discretion in the interests of investors. Our Investment Committee evaluates whether and how to exercise shareholder voting rights on a case-by-case basis. Any notable proxy voting actions taken on our portfolios are communicated to our members as appropriate.

Shareholder advocacy

Where we identify investee entity conduct that we consider to be contrary to the interests of our members we may use the funds' position as shareholder to engage directly with the entity to address the issue and promote positive change in the interests of our members. Where appropriate we will communicate with our members regarding advocacy efforts made on their behalf.

Simplicity KiwiSaver Default Fund

This policy meets or exceeds the requirements of the KiwiSaver Default Provider (Simplicity) Notice 2021 dated 2 August 2021. An extract of the relevant obligations under this notice is provided in Schedule 3.

Climate change strategy

In 2024, Simplicity adopted a climate change strategy that describes how we identify and manage the Simplicity KiwiSaver and Investment Fund Schemes (the Schemes) climate related risks and opportunities.

The exclusion of investments in the non-renewable energy (fossil fuels) sector (see Schedule 1) contributes to implementation of the climate change strategy.

More information is available in the Schemes' climate statements which are available on the [Climate-related Disclosures Register](#).

Policy review and approval

This policy is owned by Simplicity's board and is reviewed annually and as required where there is any relevant and material change in circumstances or operating environment.

Simplicity's Investment Committee monitors compliance with this policy on a quarterly basis and escalates any material issues or breaches to the board.

Schedule 1a: Business Involvement Screening (Share Issuers)

The following is a summary of business involvement exclusions applied to share (equity) issuers. A summarised version is available in the SIPO.

Sector	Business Involvement exclusion	Threshold for Exclusion
Non-Renewable Energy	<p>Nuclear Power Researched companies² that generate 5% or more revenue from the production of nuclear power.</p>	5% or more of revenues
	<p>Oil & Gas Researched companies that generate 5% or more revenue from the production or supporting products/services for the oil and gas industry, or electricity generation from oil and gas.</p> <p>Note: The exclusion of companies generating 5% or more revenue from electricity generation from oil & gas does <u>not</u> apply to the New Zealand Equity Portfolio / the Simplicity NZ Share Fund. Simplicity has made this exception as, due to the structure and limitations of electricity generation market in New Zealand, suppliers may not be able to meet market requirements by using predominantly renewable generation sources. This exception will be reviewed periodically by Simplicity based on local electricity supply dynamics, including the availability and commercial viability of alternative renewable power.</p> <p>References to Oil and Gas include Unconventional Oil and Gas.</p>	5% or more of revenues
	<p>Unconventional Oil & Gas Researched companies that generate 5% or more revenues from extracting oil sands, shale energy exploration, and production or oil and gas exploration in the Arctic regions.</p>	5% or more of revenues
	<p>Thermal Coal Researched companies that generate 5% or more revenue from the extraction or supporting products/services of thermal coal or generating electricity from thermal coal.</p> <p>Note: This exclusion does <u>not</u> apply to revenues generated from metallurgical coal (sometimes referred to as coking coal), which is a grade of coal that can be used to produce coke, an essential fuel and reactant in the blast furnace process for primary steelmaking.</p>	5% or more of revenues

² Reference to "researched companies" refers to companies where ESG business involvement data is available from the relevant ESG data provider. Companies that are not researched are excluded by the Bloomberg DM Ex NZ ESG Screened Index.

Sector	Business Involvement exclusion	Threshold for Exclusion
Vice Products	Adult Entertainment Researched companies that generate 5% or more revenues from production of adult entertainment and/or owns/operates adult entertainment establishments, or distribution of adult entertainment materials.	5% or more of revenues
	Alcoholic Beverages Researched companies that generate 5% or more revenue from manufacturing alcoholic beverages or supplying alcohol related products / services to alcoholic beverage manufacturers, or distribution and / or retail sale of alcoholic beverages.	5% or more of revenues
	Cannabis Researched companies that generate 5% or more revenue from development and/or cultivation of medical cannabis or cannabis for recreational purposes, or distribution and/or retail sale of medical cannabis or cannabis for recreational purposes.	5% or more of revenues
	Gambling Researched companies that generate 5% or more revenue from owning and/or operating a gambling establishment, or manufacturing specialized equipment used exclusively for gambling or providing supporting products/services to gambling operations.	5% or more of revenues
	Tobacco Products Researched companies that generate 5% or more revenue from the production of tobacco products or supplying tobacco-related products and services or the distribution and/or retail sale of tobacco products.	5% or more of revenues
Weapons	Controversial Weapons Researched companies that have any involvement in the core weapon system or components and services of the core weapon system, whether tailor-made, and non-tailor made.	Involvement
	Civilian Firearms Researched companies that have any involvement in the manufacture and sale of assault weapons to civilian customers, military and law enforcement, or manufacture and sell key components of small arms, or generate any revenue from the retail and/or distribution of assault weapons or small arms. Note: Key components of small arms includes triggers, grips, barrels, firing pins, gun sights, optical devices, and small arms ammunition of any calibre.	Involvement

Sector	Business Involvement exclusion	Threshold for Exclusion
Weapons	<p>Military Contracting Researched companies that, in aggregate, generate 5% or more revenue from the manufacturing of military weapons systems, components of these weapons, or tailor-made components of these weapons, are excluded from the index.</p>	Involvement

Notes: Where the policy exclusions are implemented by the Bloomberg DM Ex NZ ESG Screened Index the above summary should be read in conjunction with the index methodology provided on Simplicity’s ethical investment webpage, and to the extent that there is any inconsistency between this document and the index methodology, the latter takes precedence.

Reference to “researched companies” refers to companies where ESG business involvement data is available from the relevant ESG data provider. Companies that are not researched are excluded by the Bloomberg DM Ex NZ ESG Screened Index.

The ESG data provider determines involvement / the level of involvement of researched companies in various screened business activities based on information obtained from publicly disclosed annual reports and annual financial statements. The ESG data provider may supplement this information with industry classifications and other information obtained from public sources or directly from the company. There may be a delay between a company’s annual reports and annual financial statements being published / filed and research data being updated by the ESG data provider, delivered to the screened index provider, and applied to the screened index.

Schedule 1b: Business Involvement Screening (Bond Issuers)

The following is a summary of business involvement exclusions applied to bond (fixed income) issuers. A summarised version is available in the SIPO.

Sector	Business Involvement exclusion	Threshold for Exclusion
Non-Renewable Energy	<p>Nuclear Power Researched companies owning or operating nuclear power plants, active uranium mines</p> <p>Researched companies involved in uranium enrichment and processing, involved in the design and engineering of nuclear power reactors, or classified as a “Supplier” deriving revenue from nuclear power activities.</p>	Involvement or revenue
	<p>Fossil Fuel Researched companies having an industry tie to fossil fuels (thermal coal, oil, and gas) – in particular, reserve ownership, related revenues, and power generation.</p> <p>Note: This exclusion does <u>not</u> apply to companies providing evidence of owning reserves of metallurgical coal (sometimes referred to as coking coal), which is a grade of coal that can be used to produce coke, an essential fuel and reactant in the blast furnace process for primary steelmaking.</p> <p>References to oil and gas include unconventional oil and gas.</p>	Involvement or revenue
Vice Products	<p>Adult Entertainment Researched companies classified as a “Producer” and deriving 5% or more aggregate revenue from the production, distribution, and retail of adult entertainment material</p> <p>Researched companies deriving 10% or more aggregate revenue from the production, distribution, and retail of adult entertainment materials.</p>	5% / 10% or more of revenues
	<p>Alcoholic Beverages Researched companies classified as a “Producer” and deriving 5% or more aggregate revenue from the production, distribution, retail, and supply of alcohol-related products.</p> <p>Researched companies deriving 10% or more aggregate revenue from the production, distribution, retail, and supply of alcohol-related products.</p>	5% / 10% or more of revenues

Sector	Business Involvement exclusion	Threshold for Exclusion
Vice Products	<p>Gambling Researched companies classified as involved in “Operations” and deriving 5% or more aggregate revenue from gambling-related business activities</p> <p>Researched companies classified as involved in “Support” and deriving 10% or more aggregate revenue from gambling-related business activities.</p>	5% / 10% or more of revenues
	<p>Tobacco Products Researched companies classified as a “Distributor”, “Retailer”, or “Supplier” and deriving 5% or more aggregate revenue from the production, distribution, retail, supply, and licensing of tobacco-related products.</p>	5% or more of revenues
Weapons	<p>Nuclear Weapons Researched companies manufacturing nuclear weapons, including nuclear warheads, intercontinental ballistic missiles, and ballistic missile submarines, which are capable of the delivery of nuclear warheads, or manufacturing key nuclear weapons components.</p> <p>Researched companies that own 20% or more of a company or are 50% or more owned by a company with involvement in the above weapons business activities.</p>	Involvement or ownership ties
	<p>Controversial Weapons Researched companies manufacturing:</p> <ul style="list-style-type: none"> - biological and chemical weapons or key biological and chemical weapons components - cluster munitions whole weapons systems, components, or delivery platforms - landmines whole systems or components <p>Researched companies involved in the production of depleted uranium (DU) weapons, ammunition, and armour, including companies that manufacture armour piercing, fin stabilized, discarding sabot tracing rounds (APFSDS-T), Kinetic Energy Missiles made with DU penetrators; and DU-enhanced armour, including composite tank armour.</p> <p>Researched companies that own 20% or more of a company or are 50% or more owned by a company with involvement in blinding lasers, incendiary weapons, biological/chemical weapons, nondetectable fragments, or depleted uranium weapons business activities.</p> <p>Researched companies that own 20% or more of a company or are 50% or more owned by a company with involvement in the above cluster munitions and landmines business activities.</p>	Involvement or ownership ties

Sector	Business Involvement exclusion	Threshold for Exclusion
Weapons	<p>Conventional Weapons: Researched companies that derive revenue from the production of conventional weapons and components.</p> <p>Researched companies that derive 5% or more revenue from conventional weapons support systems and services.</p> <p>Researched companies that own 20% or more of a company or are 50% or more owned by a company with involvement in the above conventional weapons business activities.</p>	Involvement or ownership ties
	<p>Civilian Firearms: Researched companies that are classified as “Producer” of firearms and small arms ammunitions for civilian markets.</p> <p>Researched companies classified as a “Retailer” and deriving revenue from the production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use.</p> <p>Researched companies that own 20% or more of a company or are 50% or more owned by a company with involvement in the above civilian firearms business activities.</p> <p>Note: Companies that are classified as “Producer” of firearms and small arms ammunitions for civilian markets are <u>not</u> excluded where they cater to the military, government, and law enforcement markets, or to producers or retailers of the components of civilian firearms.</p>	Involvement or ownership ties

Notes: Where the policy exclusions are implemented by the Bloomberg MSCI Global Aggregate Sustainability Select SRI Float Adjusted Index the above summary should be read in conjunction with the index methodology provided on Simplicity’s ethical investment webpage, and to the extent that there is any inconsistency between this document and the index methodology, the latter takes precedence.

Reference to “researched companies” refers to companies where ESG business involvement data is available from the relevant ESG data provider.

The ESG data provider determines involvement / the level of involvement of researched companies in various screened business activities based on information obtained from publicly disclosed annual reports and annual financial statements. The ESG data provider may supplement this information with industry classifications and other information obtained from public sources or directly from the company. There may be a delay between a company’s annual reports and annual financial statements being published / filed and research data being updated by the ESG data provider, delivered to the screened index provider, and applied to the screened index.

Schedule 2: Exclusions Related to Behaviour

Shares (equities) - Investments exclude researched companies* that are non-compliant with the UN Global Compact guidelines (www.unglobalcompact.org).

Behaviour	Exclusion	Threshold for Exclusion
UNGC principles violations	<p>Human Rights Controversies related to Principles 1 and 2 of the UN Global Compact, which is derived from the Universal Declaration of Human Rights.</p> <ul style="list-style-type: none"> • Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and • Principle 2: make sure that they are not complicit in human rights abuses. 	Deemed non-compliant
	<p>Labour Controversies related to Principles 3, 4, 5, and 6 of the UN Global Compact, which is derived from the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.</p> <ul style="list-style-type: none"> • Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; • Principle 4: the elimination of all forms of forced and compulsory labour; • Principle 5: the effective abolition of child labour; and • Principle 6: the elimination of discrimination in respect of employment and occupation. 	Deemed non-compliant
	<p>Environment Controversies related to Principles 7, 8, and 9 of the UN Global Compact, which is derived from the Rio Declaration on Environment and Development.</p> <ul style="list-style-type: none"> • Principle 7: Businesses should support a precautionary approach to environmental challenges; • Principle 8: undertake initiatives to promote greater environmental responsibility; and • Principle 9: encourage the development and diffusion of environmentally friendly technologies 	Deemed non-compliant
	<p>Anti-Corruption Controversies related to Principle 10 of the UN Global Compact, which is derived from the United Nations Convention Against Corruption.</p> <ul style="list-style-type: none"> • Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. 	Deemed non-compliant

Note: Reference to “researched companies” refers to companies where conduct and controversies data is available from the relevant ESG data provider. Companies for which ESG ratings and screening data is not available are excluded from the Bloomberg DM Ex NZ ESG Screened Index. Screening of the global shares portfolio may also include screening for high or severe violation of OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), and their underlying conventions.

Bond (fixed income): Investments in the global bond portfolio are screened based on controversy scores, flags, and ratings as assessed by the ESG research data provider (MSCI).

Behaviour	Exclusion	Threshold for Exclusion
ESG controversies	Controversy scores and flags Excludes all researched companies involved in one or more very severe ESG Controversies (MSCI ESG Controversy Score = 0, Red Flags), which measures an issuer’s involvement in major ESG controversies and how well they adhere to international norms and principles. Note: Corporate issuers without ESG Controversy Scores from MSCI are automatically excluded.	Controversy Score = 0, Red Flags
	ESG Rating Securities from sectors with ratings (Treasuries, Government-Related, Corporate, Covered Bonds) must have a MSCI ESG Rating of BBB or higher. Note: Unrated issuers from sectors with ratings (Treasuries, Government-Related, Corporate, Covered Bonds) are excluded.	Lower than BBB if rated

Note: Reference to “researched companies” refers to companies where conduct and controversies data is available from the relevant ESG data provider. Screening limitations apply to the Bloomberg MSCI Global Aggregate Sustainability Select SRI Float Adjusted Index due to the nature of and availability of ESG ratings and screening data for certain types of issuers and securities included in the index - a summary of screening coverage for this index is provided in Schedule 4.

Schedule 3: Default KiwiSaver Provider obligations

The relevant provisions of the KiwiSaver Default Provider (Simplicity) Notice 2021 dated 2 August 2021 are summarised as follows:

9. ESG Policy

- (1) The default provider must have an ESG policy that reflects good industry practice.
- (2) The default provider must publish a description of the following information on a website maintained by or on behalf of the default provider-
 - (a) the default provider's investment practices, including any exclusions;
 - (b) the default provider's ESG policy; and
 - (c) certifications held by the default provider.
- (3) The default provider must lodge the ESG policy with the Registrar of Financial Service Providers to be included on the register of managed investment schemes kept under Schedule 2 of the FMC Act, as a general scheme document.
- (4) The annual report for the registered scheme that the default provider is required to prepare under regulations made under the FMC Act must include information on actions taken over the year in relation to the ESG policy, and any changes in the ESG policy since the last annual report.
- (5) The default provider must review the ESG policy once every two years to ensure that the ESG policy continues to reflect good industry practice.

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 subclause (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 subclause (1) applies to-
- (a) all investments where the shares are held directly;
 - (b) investment in managed investment schemes that have any investments in the companies described in subclause (1).
 - (3) For the purposes of subclause (1) oil includes tar sands, gas includes shale (as a source of gas) and metallurgical coal is not included in the term coal.

KiwiSaver Default Provider (Simplicity) Notice 2021

Schedule 5

Investment exclusion - fossil fuels - Table 1

Industry Classification Benchmark		Simplicity Policy Reference
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 & Gas Researched companies that generate 5% or more revenue from the production or supporting products/services for the oil and gas industry.
Oil: Crude Producers (60101010)	Companies engaged in the exploration for and drilling, production, and supply of crude oil on land.	Unconventional Oil & Gas Researched companies that generate 5% or more revenues from extracting oil sands, shale energy exploration, and production or oil and gas exploration in the Arctic regions.
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.	Fossil Fuel Researched companies having an industry tie to fossil fuels (thermal coal, oil, and gas) – in particular, reserve ownership, related revenues
Coal (60101040)	Companies that mine, process, and market coal.	Thermal Coal Researched companies that generate 5% or more revenue from the extraction or supporting products / services of thermal coal or having an industry tie to fossil fuels (thermal coal)

KiwiSaver Default Provider (Simplicity) Notice 2021

Schedule 5

Investment exclusion - fossil fuels - Table 2

Global Industry Classification Standard (GICS)		Simplicity Policy Reference
Sub-industry	Definition	
Oil & Gas Drilling (10101010)	Drilling contractors or owners of drilling rigs that contract their services for drilling wells.	<p>Oil & Gas Researched companies that generate 5% or more revenue from the production or supporting products/services for the oil and gas industry.</p> <p>Unconventional Oil & Gas Researched companies that generate 5% or more revenues from extracting oil sands, shale energy exploration, and production or oil and gas exploration in the Arctic regions.</p> <p>Fossil Fuel Researched companies having an industry tie to fossil fuels (thermal coal, oil, and gas) – in particular, reserve ownership, related revenues</p> <p>Thermal Coal Researched companies that generate 5% or more revenue from the extraction or supporting products / services of thermal coal or having an industry tie to fossil fuels (thermal coal)</p>
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.	

Schedule 4: ESG screening coverage matrix

Bloomberg MSCI Global Aggregate Sustainability Select SRI Float Adjusted Index (March 2024)

Index issuer / asset segment		ESG screening category			Notes
		MSCI ESG Rating	Business Involvement Screening*	MSCI ESG Research ESG Controversies or Red Flags	
Corporate Debt	Corporate Bonds	BBB or higher; non-covered issuers are removed.	Fully screened, non-covered issuers are removed.	Fully screened, non-covered issuers are removed.	Fully screened
Securitized Debt	Covered Bonds	BBB or higher; non-covered issuers are removed.	Screened, non-covered issuers are NOT removed.	Screened, non-covered issuers are NOT removed.	Business involvement screening not applicable to some of the issuers. MSCI ESG controversies / red flags data not available for some of the issuers.
	Asset Backed Securities (ABS)	Not screened	Not screened	Not screened	MSCI ESG data (rating and controversies / red flags) and financed business activity not available for this issuer segment.
	Commercial Mortgage-backed Securities (CMBS)	Not screened	Not screened	Not screened	MSCI ESG data (rating and controversies / red flags) and financed business activity not available for this issuer segment.
	Mortgage-backed Securities (MBS)	Not screened	Not screened	Not screened	MSCI ESG data (rating and controversies / red flags) and financed business activity not available for this issuer segment.
Treasury Instruments	Treasury Bonds	BBB or higher; non-covered issuers are removed.	Not screened	Not screened	Business involvement screening not applicable to sovereign / government sector issuers. MSCI ESG controversies / red flags data not available for this issuer segment

Index issuer / asset segment		ESG screening category			Notes
		MSCI ESG Rating	Business Involvement Screening*	MSCI ESG Research ESG Controversies or Red Flags	
Government-Related Instruments	Sovereign Bonds	BBB or higher; non-covered issuers are removed.	Not screened	Not screened	Business involvement screening not applicable to sovereign / government sector issuers. MSCI ESG controversies / red flags data not available for this issuer segment
	Supranational Bonds	BBB or higher; non-covered issuers are removed.	Screened, non-covered issuers are NOT removed.	Screened, non-covered issuers are NOT removed.	Business involvement screening not applicable to some of the issuers. MSCI ESG controversies / red flags data not available for some of the issuers.
	Local Authority Bonds	BBB or higher; non-covered issuers are removed.	Screened, non-covered issuers are NOT removed.	Screened, non-covered issuers are NOT removed.	Business involvement screening not applicable to some of the issuers. MSCI ESG controversies / red flags data not available for some of the issuers.
	Agencies, government owned not guaranteed	BBB or higher; non-covered issuers are removed.	Fully screened, non-covered issuers are removed.	Fully screened, non-covered issuers are removed.	Fully screened
	Agencies, government guaranteed or sponsored	BBB or higher; non-covered issuers are removed.	Screened, non-covered issuers are NOT removed.	Screened, non-covered issuers are NOT removed.	Business involvement screening not applicable to some of the issuers. MSCI ESG controversies / red flags data not available for some of the issuers.

* Business involvement screening is for ten specific industry classifications and revenue thresholds may apply, see the Index Methodology for more information

Note: This schedule provides a summary of the ESG screening approach and limitations for the Bloomberg MSCI Global Aggregate Sustainability Select SRI Float Adjusted Index and is not a supplement to or replacement for the Bloomberg MSCI Global Aggregate Sustainability Select SRI Float Adjusted Index methodology (the Index Methodology). For detailed information, please see the Index Methodology, and to the extent that there is any inconsistency between this document and the Index Methodology, the latter takes precedence.