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# Are KiwiSaver funds invested responsibly?

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# 1. Executive Summary

Hundreds of thousands of New Zealanders will soon be sending part of their pay packet off to KiwiSaver providers to invest for their future retirement. But what happens to their money? Will it be invested in a manner which will make the world of their retirement better, or worse? Will the money be invested in nuclear weapons and cluster bomb manufacturing, like the investments of the New Zealand Superannuation Fund? Or, will it be invested in health care and renewable energy?

A key question many New Zealanders are asking themselves is: *Which KiwiSaver providers will invest my savings in a socially and environmentally responsible manner?*

In this report we have attempted to answer this question by asking KiwiSaver providers accepting funds from the general public what they do with the money. Do they invest it in a socially and environmentally responsible manner, or do they just invest in whatever's going to make money regardless of whether it's good for people and planet.

Our survey concludes that there is currently only one KiwiSaver provider, **Asteron**, that provides a responsible investment KiwiSaver option. Asteron's Socially Responsible Investment Trust has a policy of investing in a way that aims to get a good return while ensuring that investments are socially and environmentally responsible. Asteron operates negative screening against companies involved in destructive activities, as well as engaging on a broad basis with other companies to encourage them to become more responsible. Asteron does not at this stage operate a positive screen in favour of sustainable activities but hopefully will look into this in the future.

Honourable mention goes to four KiwiSaver providers – AXA, Gareth Morgan, Grosvenor and Legal and Professional Investments Services – that make some effort to avoid direct investment in firms involved in particularly bad practices, such as whale meat processing and armaments manufacturing. However, these direct investments are generally only a small part of their investment portfolio, with the rest of the funds managed in a way that does not incorporate responsible investment principles.

Seven KiwiSaver providers – AMP, ASB, Fidelity Life, Medical Assurance Society, Mercer, SuperLife, and Tower - have indicated that they are actively considering offering a responsible investment option under KiwiSaver but have not yet made a final decision.

A number of other KiwiSaver providers have a wait and see approach on responsible investment. If people put pressure on these providers they may offer a responsible option in the future.

New Zealand's specialist ethical investor, Prometheus, currently does not operate a KiwiSaver fund but is examining the possibility of doing so in the future.

People who care about social and environmental sustainability want a KiwiSaver provider that offers a responsible investment option and at this stage Asteron is the only such provider. None of the default providers offer responsible investment options so, if you do not actively chose a provider, your money could end up in nuclear weapons manufacturing. People already signed up with a KiwiSaver provider that does not offer a responsible investment option can swap providers, or tell their current provider to offer a responsible option or they will swap. We congratulate Asteron for offering a responsible KiwiSaver option and hope that a number of other providers make the same commitment soon.

## Summary of KiwiSaver Providers and Responsible Investment

<b>KiwiSaver Provider</b>	<b>Fund managers</b>	<b>Resp. Invest. option?</b>	<b>Notes</b>
<b>ABN AMRO Craigs</b>		No	
<b>AMP Financial Services</b>	AMP Capital Investors	No	May offer in future.
<b>ANZ Bank</b>	ING (NZ)	No	
<b>Aon New Zealand Ltd</b>	ING (NZ), Russell, Tyndall	No	
<b>ASB Group Investments</b>	Index tracking, ASB Group Investments, Colonial First State, Alliance Bernstein, Capital International & Brook Asset Management	No	Ethical investment policies currently under consideration.
<b>Asteron</b>	Tyndall	<u>Yes</u>	
<b>AXA New Zealand</b>	Arcus Investment Management	No	Follows principles of UN Global Compact, excludes landmines & whale meat companies.
<b>Civic Assurance</b>	ING (NZ), ASB, Tower, AMP	No	
<b>Credit Union</b>	Mercer	No	
<b>Fidelity Life</b>	ING (NZ), Tower, Tyndall, State Street, Dimensional, ABM AMRO, index tracking	No	Currently exploring RI approaches with UN Global Compact as starting point.
<b>Fisher Funds Management Ltd</b>	Fisher Funds Management Ltd	No	
<b>Gareth Morgan KiwiSaver Ltd</b>	Gareth Morgan and various other fund managers	No	Direct investments, a small part of portfolio, avoid certain stocks.

<b>KiwiSaver Provider</b>	<b>Fund managers</b>	<b>Resp. Invest. option?</b>	<b>Notes</b>
<b>Grosvenor Financial Services Group Ltd</b>	Grosvenor Financial Services, Platinum, Russell and Vanguard	No	Direct investments, a small part of portfolio, avoid certain stocks.
<b>Industry Retirement &amp; Insurance Services (IRIS)</b>	Tower Asset Management Ltd	No	
<b>ING (NZ) Ltd</b>	ING (NZ)	No	ING overseas offers RI funds.
<b>KiwiBank</b>	Mercer	No	
<b>Legal and Professional Investment Services</b>	Diversified Investment Strategies Ltd (investment advisor)	No	Direct investments, a small part of portfolio, avoid certain stocks.
<b>Lifestages KiwiSaver</b>	SBS, ING (NZ), Russell and Barclays Global Investors	No	No mandates for negative screening that binds external managers.
<b>Medical Assurance Society NZ</b>	ING (NZ)	No	May offer in future through ING (NZ).
<b>Mercer</b>	Monitors large number of different fund managers	No	Does have RI unit trusts based in Australia but not available through KiwiSaver.
<b>National Bank</b>	ING (NZ)	No	
<b>Staples Rodway Superannuation Ltd</b>	ING, Tyndall	No	
<b>SuperLife Ltd</b>	Tyndall, State Street, Assure Investment	No	May offer in future.
<b>Tower</b>	Tower and various other fund managers	No	May offer in future.
<b>Westpac</b>	BT Funds Management	No	

## 2. Background

### **KiwiSaver**

KiwiSaver is a voluntary, work-based superannuation scheme designed to help New Zealanders save for their retirement. It came into effect on 1 July, 2007. KiwiSaver is open to all New Zealand residents under the age of 65 who have New Zealand or Australian citizenship, or who have permanent residency status in New Zealand or Australia. All New Zealanders aged 18-65 who commence employment in a new job will be automatically enrolled in a KiwiSaver scheme, unless employers gain an exemption. Ongoing membership in KiwiSaver is voluntary, and new members will have eight weeks to decide if they want to remain with KiwiSaver. Current employees may opt in to KiwiSaver at any time.

Benefits of joining KiwiSaver include a \$1,000 tax-free kick start contribution from the government paid into the scheme account, a weekly tax credit matching employee contributions up to a maximum of \$20 per week (\$1,040 per year) and a fee subsidy of \$40 per year.

Employees may apply to join any approved KiwiSaver scheme provider they wish, and may transfer between KiwiSaver schemes. The KiwiSaver scheme can complement existing superannuation schemes, replace them, or employees may stay with their original scheme. Employers already offering registered superannuation schemes can apply to the Government Actuary for an exemption from enrolling new staff.

The Rate of Contribution is 4% or 8% of employee's gross taxable earnings from their job, as elected by the employee. KiwiSaver contributions will be automatically deducted by the employer. Employer contributions will be compulsory, with minimum employer contributions of 1 % of gross taxable earnings from April 2008, rising by 1% every year till April 2011 when compulsory employer contributions will settle at 4% of gross earnings.

If members do not choose a provider, they will become a member of the preferred KiwiSaver scheme nominated by their employer (if their employer has chosen one – this is voluntary). Otherwise, they will be allocated one of the six 'default providers' by Inland Revenue. The default providers are AMP, ASB, AXA, ING, Mercer, and Tower.

All contributions are locked in until the member is 65 years old or after 5 years membership in the scheme, whichever is later. However in some cases, such as significant financial hardship or serious illness, part of the funds can be unlocked. Furthermore, members can apply to withdraw part of their funds to put towards buying their first home after three years membership in the scheme.

### **Responsible Investment**

Responsible investment (also known as Socially Responsible Investment or ethical investment) is an investment approach that seeks to achieve good financial return while investing in a socially and environmentally responsible manner. Responsible investment aims to integrate social and environmental factors into investment decisions. This means paying attention to the policies and practices of companies

with regards to considerations including conservation, pollution, climate change, corruption, governance, human rights, workers' rights and labour conditions, and so on.

The overriding objective of socially responsible investment is to make capital more easily available for firms making a positive contribution to our society and environment, while making access to capital more difficult for firms contributing to social injustice and environmental degradation.

There are three basic components to investing in a responsible manner. The first and most common approach is negative screening. This involves the exclusion of certain industries from potential investment such as tobacco and gambling, with other sectors liable to be negatively screened including armaments, and uranium or nuclear industries.

The second component to responsible investment is actively seeking out companies that are offering solutions for environmental or social issues, such as investment into renewable energies or healthcare, for example.

The third component to responsible investment is shareholder engagement or advocacy. This describes efforts by investors to initiate dialogue with corporate management on issues of concern, and submitting and voting corporate proxy resolutions as a way to influence the company's business practices, especially pertaining to environmental and social considerations.

The best responsible investment managers incorporate all three components in their investment strategies. They also encourage the companies that they invest in to adopt best practice reporting standards so that investors have a transparent picture of the companies' activities.

There is increasing evidence of a strong correlation between ethics and sustainable financial performance, meaning that profit need not come at the expense of principles. Sustainable and responsible business practices do not need to be forsaken in order to make a profit. Responsible investment is growing rapidly internationally with US\$2 trillion in negatively screened investments in the United States alone.

### **KiwiSaver and Responsible Investment**

KiwiSaver providers have the choice of three strategies to direct the investment of KiwiSaver contributions. They can invest directly themselves, they can outsource the investing to other fund managers, or they can use index tracking or passive management to direct the investment strategy. Many providers use a combination of these approaches.

KiwiSaver providers can only offer a responsible investment option if they do the investing directly themselves, or if they use external managers with a responsible investment approach, or if they use responsible investment index tracking. Many KiwiSaver providers are unaware of the investment policies of their fund managers with regard to socially and environmentally responsible investment, and none use responsible investment index tracking.

After pressure from the Greens, the Government established a committee to recommend some ethical investment disclosure guidelines to come into force in April next year. This is a positive development although the Greens have raised

concerns that there appear to be no external independent responsible investment experts on the committee. In the meantime, New Zealanders making KiwiSaver contributions don't have any readily available information on the responsible investment policies of the KiwiSaver providers, hence the need for this report.

### **This Report**

The methodology used in compiling this report was to write to the six KiwiSaver default providers in February to ask them about their approach to socially and environmentally responsible investment. This was followed by an assessment of the investment policies of all the providers based on an examination of publicly available information about the providers and their fund managers. In most cases this was followed up with phone calls and emails to the providers and their fund managers in June and July. In almost all cases, KiwiSaver providers and fund managers were willing to provide information about their approach to responsible investing.

For each of the KiwiSaver providers we have tried to identify the firms actually in control of the funds and determine whether they have a responsible investment approach. We have taken all reasonable steps to determine the accuracy of the information in this report but ultimately we are reliant on the information provided by the firms so can't guarantee the complete accuracy of all the information in the report. We have not attempted to make any assessment of the financial stability or likely returns from any particular KiwiSaver provider. KiwiSaver providers are not backed by the government if they fail and their returns are exposed to the ups and downs of financial markets.

We would like to thank the KiwiSaver providers and fund managers for their assistance and hope that they see this report as a spur to make their businesses more sustainable. Fund managers have an increasingly important role in the well-being or otherwise of our society and environment. Many fund managers are acutely aware of this role even if their company does not yet offer a responsible investment option. Our hope is that by the time we repeat this study next year there will be a number of responsible investment KiwiSaver options and fund managers will be competing with each other to raise the bar on responsible investment.

### **Further Information**

If you would like to provide feedback on this report or are seeking further information please contact [Russel.Norman@greens.org.nz](mailto:Russel.Norman@greens.org.nz). Thanks to my research assistant Anne Heins for all her work on this report.

### 3. KiwiSaver Providers and Responsible Investment

#### ABN AMRO Craigs – kiwiSTART

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:**

ABN AMRO Craigs is an investment company that studies markets and selects a diverse range of investment opportunities that meet its investment criteria. Two telephone calls and two email enquiries to the head office of ABN AMRO Craigs in Tauranga never received a response. Based on the publicly available information it is evident that their KiwiSaver product is not a socially responsible investment product.

**Sources:** ABN AMRO kiwiSTART investment statement July 2007; ABN AMRO Craigs website July 2007.

#### AMP Services (NZ) Ltd – AMP KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** AMP Capital Investors. AMP Capital Investors is the sister company of AMP Financial Services (NZ) and a wholesale investment company. For employers who are already part of a superannuation scheme with AMP, some funds may be invested through ING Balanced and Tower Balanced.

At this stage AMP Financial Services (via AMP Capital) do not offer a Responsible Investment option for KiwiSaver but are considering offering one in the future depending on demand.

AMP Capital currently has an international wholesale SRI share fund that it plans to make available at a retail level in New Zealand in October, but not via KiwiSaver at this stage. From 1 October, KiwiSaver *providers* will be able to access this SRI fund if they choose to, and if they do so it will then be available to individual KiwiSaver contributors. The “Responsible Investment Leaders International Shares Fund” invests in companies that are leaders in considering environmental and social issues in their business and screens out investments in armaments, alcohol, gambling, pornography, tobacco and uranium industries.

AMP Capital performs some loosely defined environmental screening of their investments. It factors environmental performance into investment decisions to some extent and encourages companies with whom it has investments to consider environmental factors. AMP Capital has withdrawn from companies for ethical reasons (undisclosed) previously.

**Sources:** Correspondence with AMP General Manager, Savings and Investments March 2007; phone conversations with AMP media officers June 2007; Gill South, "Keeping KiwiSaver ethical," Herald on Sunday, July 8 2007, p.36; AMP website July 2007.

### ANZ Bank – ANZ KiwiSaver

**KiwiSaver Responsible Investment fund?** No.

**Funds invested via:** ING (NZ)

See ING listing below.

**Sources:** Phone conversations and email correspondence with ANZ spokesperson July 2007; ANZ website July 2007.

### Aon New Zealand Ltd– AonSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Russell, Tyndall, ING (NZ)

For ING see separate listing.

Tyndall does operate an SRI fund, but this is only offered via Asteron (see Asteron for more information).

Russell is a multi-manager in New Zealand, meaning it does not manage any funds directly, but uses other fund managers. Russell does not specifically monitor socially responsible investment principles of the managers they research and appoint in their funds, nor does Russell categorically deny managers it selects the ability to invest in any particular industry. Russell states that it is in the process of researching the various SRI investment options open to investors. Globally, Russell is moving to incorporate Ethical, Social and Governance factors into its manager research process.

**Sources:** Email correspondence with Russell July 2007; phone conversations with AON representative; AonSaver investment statement July 2007; Russell website July 2007.

### ASB Group Investments Ltd – ASB KiwiSaver & FirstChoice KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:**

For the default KiwiSaver scheme, ASB KiwiSaver, ASB manage their own funds using index tracking, which gives them no control over where the money is invested and therefore precludes the possibility of implementing SRI criteria.

FirstChoice KiwiSaver includes index funds as well as funds invested via ASB and sub investment managers including Colonial First State, Alliance Bernstein, Capital International and Brook Asset management.

ASB's FirstChoice KiwiSaver scheme includes some funds actively managed by ASB. As ASB is still in the process of exploring ethical investment policy, no negative screening to exclude specific industries is conducted at this stage. ASB recognises that interest in ethical investment policies is increasing worldwide and is considering investment options that will be required by investors in future, with ethical investment policies and fund options included in this set of considerations.

**Sources:** Email correspondence from Managed Funds General Manager July 2007; ASB website July 2007.

### Asteron - Asteron KiwiSaver

**KiwiSaver Responsible Investment fund?** Yes

**Funds invested via:** Tyndall

Asteron (formerly Royal SunAlliance) has an existing SRI unit trust that is managed jointly with Tyndall. The trust has an actively managed portfolio of companies from the New Zealand and Australian stock exchanges. The trust excludes stocks such as tobacco, gambling, alcohol and armament suppliers and focuses on the social and environmental performance of companies in the portfolio. Rodger Spiller and Associates Ltd is an advisor to the trust and assists with engaging companies to improve their SRI performance.

**Sources:** Conversation with Asteron Investment Products Manager from Tyndall; Gill South, "Keeping KiwiSaver ethical," Sunday Herald, July 8, 2007, Sunday Insight, pp. 36; Asteron website July 2007.

### AXA New Zealand – AXA KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Arcus Investment Management, a subsidiary of AXA.

Arcus does not in general adopt a Responsible Investment approach. However, Arcus follows the NZ Super Fund in following the general principles of the UN Global Compact and in excluding investments in companies involved with landmine production and the whale meat industry.

**Sources:** Correspondence with CEO, AXA NZ, April 2007; AXA website July 2007; email communication with Research Manager, Arcus Investment Management, July 2007.

### Civic Assurance – KiwiSaver SuperEasy

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** ING (NZ), ASB Group Investments, Tower Asset Management, and AMP Capital Investors.

For ING, ASB, Tower and AMP see separate listings.

**Sources:** Civic Assurance website July 2007; SuperEasy investment statement July 2007.

### Credit Union – Credit Union KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Mercer monitors a large number of fund managers on behalf of Credit Union.

See separate listing for Mercer.

**Sources:** Credit Union website July 2007.

### Fidelity Life – Fidelity KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** ING (NZ), Tower, Tyndall, State Street, Dimensional, ABN Amro and index funds.

For ING and Tower see separate listings.

For Tyndall, see information under AON New Zealand Limited.

Index funds are passively managed funds and do not allow investors any influence over the investment of funds.

Fidelity Life is currently exploring ethical investment approaches, using the UN Global Compact as a starting point. The two approaches being investigated are adoption of the United Nations Principles for Responsible Investment by Fidelity Life, and the setting up of a balanced diversified ethical fund which would include negative screening of industries such as armaments. If such a fund were to be set up, the intention would be to offer the product through KiwiSaver and at retail level.

**Sources:** Phone conversations and email correspondence with Marketing Department Manager July 2007; Fidelity Life website July 2007.

### Fisher Funds Management Ltd - Fisher Funds Growth KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Fisher Funds Management Ltd

Fisher invests in New Zealand and Australian companies. The company has no specific ethical or socially responsible investment criteria for the companies it invests in and does not take a sector view to screen out particular industries, but its investment approach includes rigorous assessment of a company's operations, strategy, management and governance.

**Sources:** Email correspondence with Chief Investment Officer July 2007; Fisher Funds Growth KiwiSaver investment statement July 2007; Fisher Funds website July 2007.

### Funds Administration New Zealand Limited - Lifestages KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Southland Building Society, ING (NZ), Russell and Barclays Global Investors

Funds Administration New Zealand (FANZ) is a subsidiary of Southland Building Society (SBS) and has no ethical investment mandates (including negative screening policies) for external fund managers it employs. FANZ is not aware of a groundswell demand for SRI products from investors, but recognises that this may change in future and would explore appropriate responses to increased demand for such products. SBS has been operating in New Zealand for over 140 years, and aims to conduct business in such a way that does not compromise its good reputation in the community.

**Sources:** Phone conversation and email correspondence with Executive Director FANZ July 2007.

### Gareth Morgan KiwiSaver Ltd - Gareth Morgan KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Gareth Morgan and various other fund managers (Gareth Morgan Kiwisaver Ltd asked that the identities of these managers not be published).

Gareth Morgan does not hold direct investments in armament, alcohol or tobacco companies or directly support unethical practices, however no further effort is made to scrutinise companies from an SRI point of view. In terms of sustainability, Gareth Morgan does conduct weak positive screening, and looks for companies offering solutions to sustainability issues. It invests in Australian funds, UK investment trusts and US index trackers who invest in hundreds of companies which Gareth Morgan does not scrutinise in detail, making it possible that unethical investments make up part of the portfolio.

**Sources:** Phone conversations and email correspondence with representative July 2007; Gareth Morgan website July 2007.

## Grosvenor Financial Services Group Ltd – Grosvenor KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Some directly held shares, and employ fund managers Platinum, Russell and Vanguard Australia

Grosvenor conducts low key negative screening for its directly held shares, and excludes alcohol, gambling and tobacco from its portfolio.

For Russell, see information under AON provider.

Platinum's website states that Platinum has no formalised policy of considering labour standards or environmental, social or other ethical investment criteria in selecting, retaining or realising investments. While Platinum does not take broad stances against investing in certain industries, it does investigate all ethical practices of individual companies before choosing to invest in an entity.

Vanguard Australia takes no account of labour standards, environmental, social or ethical considerations when choosing, retaining or realising investments according to their Supplementary Product Disclosure Statement of July 2007.

**Sources:** Phone conversations with Grosvenor Chief Investment Officer July 2007; email correspondence with Platinum Investor Services supervisor July 2007; Grosvenor, Vanguard, Platinum and Russell websites July 2007.

## Industry Retirement & Insurance Services - IRIS KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Tower Asset Management Limited

IRIS is linked to the New Zealand union movement and for that reason may in the future move in responsible investment direction but at this stage is using Tower to direct their funds. See Tower Listing below.

**Sources:** Phone conversations with IRIS representative July 2007; IRIS investment statement July 2007.

### ING (NZ) Ltd – ING KiwiSaver Superannuation Scheme (default scheme) & SIL KiwiSaver

**KiwiSaver Responsible Investment Fund?** No

**Funds invested via:** ING

ING states that ethical investment tends to reduce the investment and diversification opportunities, which can compromise the goal of reliable and above-average returns. ING overseas offers specialist SRI funds (including sustainable investment opportunities such as 'green' finance and microfinance) but does not do so in New Zealand because it is not aware of a demand for such products here. However according to its Business Principles ING pledges to promote sustainable development and respect human rights, and ING supports the aims of the United Nations Universal Declaration of Human Rights and endeavours to apply its principles. Furthermore, ING requires of all staff to avoid doing business with companies engaged in illegal or unethical activities. Its investments have been externally assessed against environmental and corporate responsibility criteria.

ING currently has no plans to offer an investment product that targets companies qualifying as ethical either through KiwiSaver or at the retail level but would investigate further should they identify that there is sufficient demand from the New Zealand public.

**Sources:** Correspondence from ING (NZ) Chief Investment Officer March 2007, ING website July 2007.

### Kiwibank – Mercer KiwiSaver scheme in association with Kiwibank

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Mercer Human Resource Consulting

See Mercer listing below.

**Sources:** KiwiBank and Mercer websites July 2007.

### Legal & Professional Investments Services - Law Retirement KiwiSaver

**KiwiSaver Responsible Investment fund:** No

**Funds invested via:** Diversified Investment Strategies Limited is the investment adviser of the Law Retirement KiwiSaver Scheme and only invests a small proportion of the funds. Underlying managers include: ING (NZ), Macquarie, J.B.Were, Henderson, JP Morgan Fleming, Templeton, Vanguard, Schroder, Merrill Lynch, K2 Asset Management, Platinum, BT, Baillie Gifford, Caledonia and NZX Smart Shares.

Diversified Investment Strategies operates a variety of responsible investment approaches including some degree of negative screening but only controls a small proportion of the funds and hence Legal and Professional Investments Services can't be classified as operating a socially and environmentally responsible investment policy.

**Sources:** Email correspondence with Diversified representative July 2007; Law Retirement KiwiSaver investment statement July 2007; Law Retirement Plan website July 2007.

### Medical Assurance Society New Zealand - MAS KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** ING (NZ)

The MAS KiwiSaver scheme is available to any individual, but its marketing focus is on Society Members (health professionals) and their families.

The Medical Assurance Society is exploring the possibility of offering a dedicated ethical portfolio through ING in future.

**Sources:** Phone conversation with MAS representative July 2007; MAS investment statement July 2007.

### Mercer – Mercer KiwiSaver (default scheme) & Mercer Super Trust KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Mercer monitors a large number of different fund managers internationally

Mercer does have three SRI options, but these are based in Australia. These SRI unit trusts are accessible in NZ, but are not available through KiwiSaver.

Mercer has started a project to assess and develop the business case and strategy regarding SRI products in New Zealand to be offered potentially through an active choice KiwiSaver scheme and at retail level.

**Sources:** Phone conversation and email correspondence with Head of Mercer Global Investments (NZ) July 2007.

### National Bank – National Bank KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** ING (NZ)

See ING listing above.

**Sources:** Email correspondence and phone conversation with National Bank spokesperson July 2007; National Bank website July 2007.

### Staples Rodway Superannuation Ltd – Staples Rodway KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** ING (NZ), Tyndall

For ING see listing above.

For Tyndall see information under AON New Zealand Limited.

**Sources:** Staples Rodway KiwiSaver investment statement July 2007.

### SuperLife Ltd – SuperLife KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** Tyndall, State Street, Assure Investment Management

SuperLife currently offers no SRI investment options, but are looking into the possibility of offering an ethical investment fund in the future.

**Sources:** Phone conversations with representative July 2007; SuperLife KiwiSaver investment statement July 2007.

## Tower – Tower KiwiPlan

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** All domestic investments are directly managed by Tower. International investments are sub contracted to PIMCO, Marathon Asset management, Capital International, Martin Currie and Alliance Bernstein.

Tower has no articulated ethical investment criteria, and currently no industries are categorically screened out. Tower has in the past offered an SRI investment option, but due to poor uptake by investors this fund closed last year. However, Tower is planning to offer an SRI KiwiSaver option in the future.

While Tower KiwiSaver has no formalised ethical or socially responsible investment policies, Tower Investments does. These policies are currently under revision and will be available from Tower when the review is complete.

**Sources:** Email correspondence National Sales Manager – Investments for Tower Asset Management and Tower Investments July 2007; phone conversation with Tower representative July 2007.

## Westpac – Westpac KiwiSaver

**KiwiSaver Responsible Investment fund?** No

**Funds invested via:** BT Funds

BT Funds is a wholly owned subsidiary of Westpac. According to BT Funds Management's policy on labour standards, environmental, social and ethical considerations, for Investment Options where BT Funds is the investment manager, no labour standards or environmental, social or ethical considerations are taken into account when selecting, retaining or realising investments. Although external investment managers connected with BT Funds may have various policies regarding the extent to which ethical investment policies are taken into account when making investment decisions, such factors are not taken into consideration by BT Funds when selecting, monitoring or replacing external investment managers.

**Sources:** BT Funds Managements policy on labour standards, environmental, social and ethical considerations procured from BT Fund Management via email July 2007.

Ends