

SIL Sustainable Growth Fund

Responsible Investment Policy

ING Group recognises that socially responsible investment issues can be significant when making investment decisions. Responsible investment, including environmental, social and governance (ESG) considerations, is taken into account in the investment policies and procedures of the SIL Sustainable Growth Fund.

The SIL Sustainable Growth Fund is one of 13 investment funds available through the SIL KiwiSaver Scheme. ESG considerations are not specifically taken into account for the 12 other SIL KiwiSaver Scheme investment funds.

Investment objective

The SIL Sustainable Growth Fund aims to reconcile traditional finance objectives with social, ethical and ecological parameters. The overall investment objective is to outperform the mainstream MSCI World Index.

Investment strategy

The SIL Sustainable Growth Fund invests primarily into the ING (L) Invest Sustainable Growth fund. That fund is made up of a diversified portfolio of shares and/or transferable securities issued by companies selected on the basis that they are pursuing a sustainable development policy, and combining respect for social and environmental principles with good financial performance.

Investment policy and procedure

ING (NZ) Limited is responsible for the investment management of the SIL KiwiSaver Scheme.

ING (NZ) Limited currently invests the SIL Sustainable Growth Fund in the ING (L) Invest Sustainable Growth fund.

In order to invest the SIL Sustainable Growth Fund in the most efficient manner, ING (NZ) Limited may hold cash until there is a sufficient amount to invest. Responsible investment is not taken into account in relation to investment in cash assets.

The ING (L) Invest Sustainable Growth fund is a sub-fund of ING (L) Invest (SICAV). ING (L) Invest (SICAV) is an investment company established in Luxembourg and is duly authorised by the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF). Both funds are registered with the CSSF.

The ING (L) Invest Sustainable Growth fund invests primarily (minimum two-thirds) into a diversified portfolio of shares and/or transferable securities. Responsible investment is taken into account for these investments.

ING Asset Management BV (INGAM) is the underlying investment manager of the ING (L) Invest Sustainable Growth fund. INGAM is a company incorporated in the Netherlands, which is part of ING Investment Management (ING IM) Europe. Both ING IM and ING (NZ) Limited are part of ING Group.

ING IM is a global organisation that provides investment solutions for the ING network, the ING insurance companies and institutional clients. You can find more information about ING IM by visiting the website www.ingim.com.

In deciding what to invest in, ING IM follows a 4-step investment process.

1. Universe construction

Extensive independent global research

In assessing the sustainability of companies, ING IM uses Sustainable Investment Research International (SiRi). SiRi is an independent worldwide research network for information on environmental and social responsibility of companies.

SiRi provides ING IM with extensive research on the principal companies in the MSCI World Index. SiRi research includes:

- Access to the benefit of local sustainable research providers
- Extensive coverage of the 'sustainable' investment universe
- Tailor-made input based on extensively researched socially responsible investment (SRI) criteria
- Web-based tools permitting a flexible approach by taking into account clients' preferences
- Regularly updated database.

Positive screening criteria – relative best-in-class criteria

Based on SiRi research, ING IM identifies the “best-in-class” (top 50%) performing companies in global sectors with regard to their environmental, social and governance policies and transparency. Relative positions of companies in their industries are determined by scores based on principles and policies, reporting and communication, management systems and performance.

Negative screening criteria – absolute-exclusionary-criteria

After selecting companies applying the best-in-class approach, ING IM screens those companies according to its exclusionary criteria. These exclusionary criteria are based on:

Activities / Sectors

Weapons
Nuclear power
Tobacco
Pornography
Fur
Gambling

Behaviour

- Violation of the UN Universal Declaration of Human Rights
- Violation of the core International Labour Organisation (ILO) conventions
- Violation of Organisation for Economic Co-operation and Development (OECD) guidelines for Multinational Enterprises
- Involvement in dictatorial governments
- Violation of social laws

2. Stock selection process

ING IM begins by looking at which stocks in the SRI sub-universe (those stocks identified and retained as a result of the application of the screening criteria described above) have the most upside investment potential.

Disclaimer This explanatory note has been prepared solely for the purpose of general information and does not constitute an offer of any security. The SIL Sustainable Growth Fund is offered through the SIL KiwiSaver Scheme. For further information about the SIL KiwiSaver Scheme please refer to the SIL KiwiSaver Scheme investment statement [http://www.ingnz.com/Web/website.nsf/content/Superannuation+publications/\\$FILE/KSInvestmentStatement.pdf](http://www.ingnz.com/Web/website.nsf/content/Superannuation+publications/$FILE/KSInvestmentStatement.pdf). Any information given in this document may be subject to change or update. In particular, the underlying investment manager of the SIL Sustainable Growth Fund may change from time to time. This explanatory note is of a general nature only, does not constitute investment advice and has not been prepared to take into account your financial circumstances or particular needs. We recommend you seek professional investment advice in order to select a fund best suited to your investment objectives, risk profile and timeframe. Please note that the value of your investment may rise or fall. Investment funds do not offer guaranteed returns. Neither ING (NZ) Limited, any other member of the ING Group nor Superannuation Investments Limited (the issuer of the SIL KiwiSaver Scheme) guarantees any investment in the SIL Sustainable Growth Fund. No statement contained in this explanatory note is made by or on behalf of any person other than ING (NZ) Limited, on behalf of Superannuation Investments Limited

Proprietary ranking methodology

Each company receives a score and a consistent weight is assigned to each of the following factors:

Valuation	Earnings and dividend yields – weight 30%
Quality	Return on Equity, cash flow return on investment, consensus recommendations, corporate governance – weight 25%
Momentum	Changes in dividend, Return on Equity, cash flow return on investment recommendations, corporate governance, price – weight 45%

As a result of these assessments, ING IM subsequently selects the best-in-class companies for the ING (L) Invest Sustainable Growth fund.

3. Portfolio construction

ING IM employs active risk management in its assessment of each company. The sector, region, style, size and financial performance of each company is also taken into consideration while constructing the portfolio.

4. Portfolio implementation and review

- A specialised Trading Desk takes care of all ING (L) Invest Sustainable Growth fund trades.
- ING IM conducts regular reviews and evaluation of the performance of each company in the portfolio.
- Specialist compliance and risk management departments review each investment on an individual basis.
- A dedicated Client Servicing Desk responds to queries and provides clients with customised reports.



For more information on how to invest in the SIL Sustainable Growth Fund, and a copy of the SIL KiwiSaver Investment Statement, contact your independent financial adviser, call ING on 0800 108 685 or visit our website www.ingnz.com