



ESG Risk Management Policy

Suncorp Portfolio Services Limited

ABN 61 063 427 958

AFSL 237905

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Suncorp Master Trust ABN 98 350 952 022

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1. Background

Under FSC Standard No.20 (Standard) all FSC members who are trustees operating a registrable superannuation entity (“**RSE**”) are required to implement and develop an ‘Environmental, Social and Governance (“**ESG**”) Policy’ and disclose that policy to RSE members publicly.

2. Application

The Standard applies only in relation to an RSE’s employer default superannuation product offered by relevant ‘MySuper’ authorised RSEs, which includes Suncorp Portfolio Services Limited (the “**Trustee**”).

This document constitutes the ESG Risk Management Policy for the Trustee as required by Standard and only addresses the ESG approach as it applies to the Trustee’s ‘MySuper’ product – Suncorp Lifestage Fund in which MySuper members’ benefits are invested.

3. ESG Approach

The Suncorp Lifestage Fund is issued by the Trustee as a default superannuation product under the ‘MySuper’ regime.

The Trustee has engaged Morningstar Investment Management Australia Limited (“**Morningstar**”) through an investment management agreement to provide investment services in relation to the allocation to direct securities (held via discrete mandate) and the underlying trusts that the Suncorp Lifestage Fund invests into. Morningstar construct the Suncorp Lifestage funds with a multi-manager approach across most asset classes.

The Suncorp Lifestage Fund is permitted to hold individual securities directly. The Suncorp Lifestage Fund also invests via underlying portfolios within the Suncorp Master Trust (“**SMT**”) that may either invest indirectly via trusts, or directly in individual securities, including Exchange Traded Funds (“**ETFs**”).

The Suncorp Lifestage Fund may invest in trusts issued by Morningstar. Morningstar has actively developed an ESG and responsible investment policy specifically for trustees of superannuation funds who delegate investment management of MySuper investment funds. When appointing investment managers, Morningstar applies a stringent governance process including an assessment of the investment manager’s approach to ESG risks. Morningstar do not instruct appointed investment managers to specifically avoid certain companies or industries but rather select investment managers that have high ESG considerations within their investment process. Morningstar is committed to ensuring investors achieve their financial goals and believe an organisations ability for long term success is underpinned by successful management of environment and social impacts coupled with high quality corporate governance.

The Suncorp Lifestage Fund may also invest in internal Suncorp Group Trusts issued by Suncorp Funds Pty Ltd (**SFPL**). SFPL is the trustee of and is responsible for the Suncorp Group Trusts, including the selection and oversight of external investment managers. SFPL has adopted a Responsible Investment Policy. This policy sets out SFPL’s approach to ensuring the long-term sustainability of investment returns and the management of ESG risks and opportunities in the Suncorp Group Trusts. SFPL believes successful long-term investing is consistent with the allocation of capital to enterprises with sustainable business practices. SFPL believes long-term value creation is a result of the effective management of financial, physical and human capital and hence investment opportunities should be evaluated on their ongoing maintenance of:

- strong governance practices including alignment of interest
- strong human capital practices including labour practices, health and safety, and diversity
- strong social impact management including community engagement practices, and
- strong environmental impact management including climate change and natural resource scarcity.

SFPL has entered into an Investment Management Agreement with Suncorp Corporate Services Pty Ltd (“**SCS**”) for the management of the Suncorp Group Trusts. SCS operates the Suncorp Group Trusts under a multi-manager framework and appoints sub-investment managers. The extent to which managers integrate ESG practices into their investment management processes is a core component of the SCS manager selection process. Appointed managers may be signatories to the UN Principles for Responsible Investment (“**Principles**”). The Principles provide a framework for investment professionals to include ESG factors into their investment decision making and ownership practices. The six Principles are:

1. Incorporate ESG issues into investment analysis and decision-making processes
2. Be active owners and incorporate ESG issues into ownership policies and practices
3. Seek appropriate disclosure on ESG issues from the entities invested in
4. Promote acceptance and implementation of the Principles within the investment industry
5. Work together to enhance the effectiveness in implementing the Principles
6. Report on activities and progress towards implementing the Principles

More information on the Principles can be found at www.unpri.org

The Trustee acknowledges ESG issues can affect investment returns to varying degrees across companies, sectors, regions and asset classes over time. However, it does not specifically exclude allocating MySuper benefits to underlying investment vehicles that do not consider ESG matters in security selection or proxy voting choices.

The Trustee acknowledges that an increasing number of Australians are taking a firmer stance with ESG matters regarding their retirement savings. Continued public demand for investments with high ESG standards as a major criteria for capital allocation will drive product and Index development which the Trustee supports. The Trustee will continue to monitor industry advancements to identify product improvements in the ESG area to enhance the MySuper offering for the best interests of members over time.

The Trustee is committed to improving the approach to its implementation of ESG integration over time and as such its approach will remain flexible and continue to evolve. In particular, the Trustee will encourage any new mandated investment manager agreements to consider ESG risks in their investment decision making process with due consideration given to member costs/benefits.

Where to Find Assistance

For more information or assistance with this document contact:

- The Office of the Superannuation Trustee

4. Compliance with FSC Standard 20 – Superannuation Governance

In accordance with specific disclosure requirements of FSC Standard No.20, in developing and formulating our approach to ESG matters, we respond to the specific requirements of the Standard in the table below.

Question	Our response in formulating and implanting our ESG policy
1. How will the fund incorporate a consideration of ESG in the investment decisions that it makes?	The Trustee does not explicitly consider ESG risks in the investment decisions within the Suncorp Lifestage Fund. ESG considerations may be applied in the selection of sub-managers used in the vehicles in which the Suncorp Lifestage Fund invests. ESG criteria may be applied in security selection decisions by managers (including sub-managers) of underlying investment vehicles.
2. How will the fund monitor the ESG exposure across its portfolio of investments?	The Trustee does not explicitly monitor the ESG exposures across the Suncorp Lifestage Fund within which a MySuper member’s monies are invested.

3. How will the fund act on ESG risks?	The Trustee does not directly act on ESG risks within the Suncorp Lifestage Fund that a MySuper member's monies are invested in.
4. How will the fund report to its members on the actions it has taken in relation to an ESG issue?	The Trustee does not plan to report ESG actions to MySuper members however, any ESG issues arising from direct securities held within discrete mandates that are of a material nature will be notified to members on a case by case basis at the discretion of the Trustee.

5. Policy Review and Document History

A formal review of this policy will be undertaken by the Trustee at least annually and will be undertaken more frequently where required, to take into account new and/or changing legislative, regulatory or other relevant requirements.

Date	Comment	Version	Approval
17/8/2015	Creation of document.	v1.0	Investment Committee
16/8/2016	Name change of Ibbotson Associates to Morningstar Investment Management Australia Limited	v2.0	Investment Committee
19/9/2017	Inserted reference to Suncorp Corporate Services Pty Ltd and the SFPL's adoption of a Responsible Investment Policy.	v3.0	SPSL Board
18/9/2018	Inclusion of direct securities permitted to be held by the Suncorp Lifestage Fund via discrete mandates with Morningstar Investment Management Australia Limited	v4.0	SPSL Board