



# ESG Risk Management Policy

**Suncorp Portfolio Services Limited**

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RSE Licence No. L0002059

Suncorp Master Trust ABN 98 350 952 022

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# Table of contents

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<b>1.</b>	<b>Background</b>	<b>3</b>
<b>2.</b>	<b>Application</b>	<b>3</b>
<b>3.</b>	<b>ESG Approach</b>	<b>3</b>
<b>4.</b>	<b>Compliance with FSC Standard 20 - Superannuation Governance</b>	<b>4</b>
<b>5.</b>	<b>Policy Review and Document History</b>	<b>5</b>

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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 publically.

## 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 Suncorp Lifestage Fund does not hold individual securities directly. The Suncorp Lifestage Fund 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 Trustee has engaged Morningstar Investment Management Australia Limited (**Morningstar**) through investment mandates to provide investment services in relation to the allocation to the underlying trusts that the Suncorp Lifestage Fund invests into. Morningstar construct the Suncorp Lifestage funds with a multi-manager approach across asset classes. These investments are predominantly applied to passively managed index trusts across a broad range of defensive and growth asset sectors.

The Suncorp Lifestage Fund may invest in trusts issued by Morningstar. 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 organisation's ability for long term success is underpinned by successful management of environment and social impacts coupled with high quality corporate governance. Morningstar has actively developed an ESG and responsible investment policy specifically for Trustees of superannuation funds who delegate investment management of MySuper investment funds.

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. As at 31 July 2016, the Suncorp Lifestage Fund invests in Suncorp Group Trusts managed by Nikko Asset Management (**Nikko AM**) and QIC Limited (**QIC**). Both Nikko AM and QIC are 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](http://www.unpri.org)

SPSL acknowledges ESG issues can affect investment returns to varying degrees across companies, sectors, regions and asset classes over time. However, given the underlying trusts of the Suncorp Lifestage Fund are predominantly managed relative to index benchmarks, it is not expected that ESG matters will feature significantly in any security selection or proxy voting choices undertaken by the investment managers of the underlying trusts.

SPSL acknowledge 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 SPSL support. SPSL 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.

**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?	Given the assets of the Suncorp Lifestage Fund are predominantly invested according to index pools and benchmarks it is unlikely ESG considerations will be applied in security selection.
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 in light of the fact that Suncorp Lifestage Fund investments are invested in index pools that are predominantly managed relative to index benchmarks.

## 5. Policy Review and Document History

A formal review of this policy will be undertaken by SPSL 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