

Responsible Investment Policy

NULIS Nominees (Australia)
Limited

(MLC Super Fund and MLC
Superannuation Fund)

Policy Administration Information Schedule

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1. Overview

1.1 Purpose and Scope

This document describes the Trustee's approach to Responsible Investment for NULIS Nominees (Australia) Limited in its capacity as Trustee of the MLC Super Fund and MLC Superannuation Fund ('the Fund'). The Trustee recognises and actively considers the expectations of fund members and broader stakeholders that a responsible approach to investment is adhered to.

The Trustee has a responsibility to act in the best interests of members as per the Superannuation Industry (Supervision) Act 1993 (SIS Act) and believes that considering Environmental, Social and Governance (ESG) factors with investment decision-making is consistent with this fiduciary responsibility. This Responsible Investment Policy ('the Policy') forms part of the Trustee's Investment Governance Framework and Risk Management Framework and is in accordance with *FSC (Financial Services Council) Standard No. 20 Superannuation Governance Policy*.

In developing the Policy, consideration has been given to clause 34 of the Australian Prudential Regulation Authority's (APRA) Prudential Standard SPG 530 – Investment Governance as it relates to ESG management and issues. The Policy comprises of the Trustee's Responsible Investment Position Statement together with the Trustee's requirement under the following three pillars:

- (1) Investment Management
- (2) Socially Responsible Investment Options
- (3) Stewardship

1.2 Review and Approval

This Policy is reviewed annually or more frequently as may be required from time to time. The Trustee must approve each review. The Policy will be made available to members through the Funds' websites.

1.3 Definitions

Directly Managed Investment Option is an investment option which has been constructed for the purpose of satisfying an investment objective prescribed by the Trustee and for which it has ultimate responsibility with regard to its management and ongoing monitoring.

Engagement means directly discussing matters of concern or interest. This is most commonly associated with investment in shares, where the investor may engage with the management team or board of investee companies to express their views on the management of the company or specific issues, including ESG issues, with the expectation that this will result in positive change.

ESG Factors are Environmental, Social, Governance or other sustainability related factors which have the

potential to impact the risk adjusted performance of an investment. ESG factors may arise in relation to a range of investments, including but not limited to listed and unlisted equities, fixed interest and property. Where the investment pertains to a company, ESG factors can arise directly through the entity's own operations, or indirectly through those of its customers and suppliers, or may additionally relate to the industry or regulatory environment in which the company operates. Refer to Appendix 1 for ESG factors outlined.

ESG Risk Management means giving due consideration to the material ESG risks and factors that have the potential to impact the risk adjusted performance of an investment.

Exclusions means avoiding exposure to holding certain assets or investments. It involves selling or disposing of shares or other assets in certain investments, usually fund wide.

Externally Managed Options means a pooled investment vehicle (such as a Managed Investment Scheme or life policy investment option) for which the Trustee has no contractual right to give directions to the investment strategy for achievement of the stated investment objective.

Investment Adviser (Currently ThreeSixty Research) is an adviser appointed to assist the Trustee in investment matters. The Trustee has appointed an Investment Adviser that provides due diligence and monitoring services in relation to the externally managed and single security options within MLC Superannuation Fund as well as to provide monitoring services on Directly Managed Investment Options within the MLC Super Fund.

Investment Managers are responsible for the execution and management of an investment strategy approved by the Trustee.

Investment Consultant (Currently JANA Investment Advisers) is an adviser appointed to assist the Trustee in investment matters. The Trustee has appointed an Investment Consultant that provides advice on investment matters, including investment objectives and investment strategy.

MPIC is the MasterKey and Plum Investment Committee.

Portfolio Manager (currently NAB Asset Management Services Ltd) is an entity appointed to construct portfolios designed to meet the Trustee's approved investment objectives in accordance with the portfolios' investment strategies. The Trustee has appointed a Portfolio Manager.

Responsible Investment also known as sustainable investment, ethical investing or socially responsible investment / investing. This term describes an investment process that incorporates environmental and social factors when selecting investments, in addition to the objective of achieving a competitive financial return.

Single Security Investment Options means an individual share, term deposit, bond or other security.

Socially Responsible Investment (SRI) Options integrate ESG analysis into the investment process at the investment option level, generally seeking to avoid companies deemed harmful to society or the environment, while seeking to invest in the most responsible/ethical companies with the highest potential for return on investment.

SWIIC is the Super Wrap and IDPS Investment Committee.

2. Responsible Investment Position Statement

The Trustee's objective is to ensure it fulfills its fiduciary duties and responsibilities to members including performance expectations. The Trustee's Responsible Investment position is aligned to its Investment Philosophy particularly in supporting the retirement income needs of members, and providing flexibility of choice in the design of the investment menu to allow for varying constraints and expectations of a member.

The Trustee's Responsible Investment Position Statement acknowledges and supports:

- Pursuing investments which consider ESG factors is consistent with the Trustee's objectives as a long-term investor on behalf of its members as well as its fiduciary duties and responsibilities to members.
- Investment Managers that effectively identify ESG factors and how such factors impact on the investment returns of each investment option are better placed to deliver long-term sustainable investment returns.
- ESG factors are another source of risk for investments and therefore the assessment and monitoring of ESG factors can reduce risk, thereby protecting and enhancing wealth over the long term. The diverse needs of all its members and where appropriate it seeks to provide Socially Responsible Investment (SRI) options that allow members to have their superannuation invested into dedicated responsible investment options.
- The Trustee may at times review fund wide exclusions on stocks and/or industries. Decisions will be made by considering broad stakeholder implications, the fiduciary needs of the members and how consistency in one decision can be applied across all possible excluded stocks and industries. There are currently no Fund wide exclusions. This decision will be considered and reviewed annually.
- Effective stewardship can play a role in enhancing the risk-adjusted performance of investments, and thereby improve the potential to provide long term, sustainable returns for investors. The Trustee considers stewardship activities an important responsibility that assists in the delivery of member investment objectives.

3. Investment Management

This section applies to the Directly Managed Investment Options within the MLC Super Fund only. It excludes Externally Managed Options as the Trustee has no contractual right to give directions to the investment

strategy for achievement of the stated investment objective.

3.1 ESG Risk Management Approach

The Trustee requires the Investment Consultant, Portfolio Manager and, in turn, underlying Investment Managers, to have sound practices to identify ESG factors and any potential risks and opportunities that may arise in a manner that is relevant to the investment strategy, asset class and investment approach of the investment option concerned.

The specific roles and responsibilities of each party are outlined below:

The Portfolio Manager is required to:

- Adhere to the Trustee's Responsible Investment Policy when it selects Investment Managers for the MLC Super Fund.
- Conduct initial and ongoing assessment of Investment Managers' ESG policies and their processes in identifying, assessing and managing ESG factors in their investment selection. This assessment will be conducted considering the investment strategy, asset class, peer group and other relevant factors. (Noting that not all Investment Managers explicitly label their consideration of ESG factors as "ESG" but may consider them nonetheless).
- Balance the Investment Managers' approach to ESG with their approach to other investment considerations.
- Exclude Investment Managers that do not satisfactorily consider ESG factors in their investment process in a manner that is relevant to their investment strategy, asset class and investment approach as they relate to the MLC Super Fund investment options. If an appointed Investment Manager fails to satisfactorily consider ESG factors in its investment process, the Investment Manager will be reviewed and if deemed appropriate will be terminated.
- Report to the Trustee when requested on how ESG considerations apply to the investments within the MLC Super Fund

The Investment Consultant is required to:

- Maintain a research program in relation to ESG themes and trends, and periodically report the outcomes of this research to the Trustee. This includes research on both the development of Investment Manager ESG practices, broad ESG themes and advancements in Responsible Investment.
- Provide ongoing guidance on improving the Trustees ESG and Responsible Investment Policy and its application to the MLC Super Fund.

3.2 Exclusions

The Trustee may at times review Fund wide exclusions on stocks and/or industries as appropriate and with respect to Trustee's Responsible Investment Position. There are currently no Fund wide exclusions, though future exclusions are to be considered as part of the annual review of the policy.

4. Socially Responsible Investment Options

While all Directly Managed Investment Options within the MLC Super Fund must adhere to the policies and principles above the Trustee will, where it deems it appropriate, seek to provide SRI options that allow members to have their superannuation invested into dedicated responsible investment options. The Trustee will endeavor to ensure its range of SRI options continues to reflect the needs of its members.

The current MLC Super Fund and MLC Superannuation Fund SRI options are outlined in the following table:

Fund name	Product offered on	SRI option name
MLC Super Fund	Plum Super ¹ Plum Retirement Income	Australian Shares Ethical
	MLC MasterKey Business Super MLC MasterKey Personal Super MLC MasterKey Super & Pension Fundamentals MLC MasterKey Super & Pension MLC MasterKey Superannuation (Gold star) MLC MasterKey Allocated Pension (Gold star) MLC MasterKey Term Allocated Pension	Perpetual Wholesale Ethical SRI Fund
MLC Superannuation Fund	MLC Wrap Super Series 1 & 2 MLC Navigator Retirement Plan Series 1 & 2 (and badges)	Alphinity Wholesale Socially Responsible Share Fund Australian Ethical Smaller Companies Trust Class B Australian Ethical Balanced Trust Altius Sustainable Bond Fund BT Ethical Share Fund Candriam Sustainable Global Equity Generation Wholesale Global Share Fund Legg Mason Martin Currie Ethical Values with Income Fund Perpetual Wholesale Ethical SRI Fund

¹ The Australian Shares Ethical Option is not currently available on the NAB Group Superannuation Fund or employer specific investment menus.

	Robecco Emerging Conservative Equity Fund
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5. Stewardship

5.1 Engagement

The Trustee believes that appropriate engagement with investment entities promotes their consideration of ESG factors resulting in improved practices and strategic decisions. The Portfolio Manager is required to monitor and evaluate Investment Manager activities in relation to engagement, in the context of their investment strategy and asset class. Each Investment Manager is expected to engage with investee companies on ESG matters, where appropriate.

5.2 Proxy Voting

Most of the Fund's assets are held through pooled trusts operated by MLC Investments Limited ('MLCI') and so proxy voting is conducted according to MLCI's Proxy Voting Principles. The Trustee believes that corporate governance creates the framework within which a company can be managed and believes that MLCI's Proxy Voting Principles are appropriate for managing proxy voting in respect of the Fund's investments. The Trustee requires the Portfolio Manager to seek from MLCI an annual summary report of proxy voting conducted by MLCI with a focus on key issues that have arisen. The Trustee is to be informed at least annually by the Portfolio Manager on any contentious Proxy Voting issues (as it relates to ESG.)

5.3 Monitoring and Reporting

The Trustee will review the Policy on an annual basis, including its Responsible Investment Position Statement.

Reporting and monitoring requirements of key stakeholders include:

(a) Portfolio Manager to;

- Provide annual reporting to MPIC as part of the Annual Review covering;
 - (i) how the Trustee's RI Policy is being applied, and
 - (ii) manager engagement activities (of substance) that have been conducted through the year;
- select managers that have an appropriate ESG policy and processes in place to support and monitor asset selection; and
- monitor and evaluate Investment Manager activities in relation to engagement with Investment Managers on ESG matters;

(b) Investment Consultant to;

- Provide an annual RI Report to MPIC.

(c) Investment Adviser to;

- Present an annual 'Responsible Investing' sector review to the SWIIC.

5.4 Industry Participation

The Trustee aims to be an active participant in the RI Industry helping to ensure the industry reflects member and community expectations. This includes participation in industry forums, engagement with industry bodies and the completion of RI surveys.

6. Related Policies & References

- FSC (Financial Services Council) Standard No.20 Superannuation Governance Policy.
- Superannuation Legislation Amendment (MySuper) Regulation 2013
- Australian Prudential Regulation Authority's (APRA) Prudential Standard SPG 530

7. Appendix 1 – ESG Factors

ESG factors may be considered in relation to a range of investment types, including but not limited to listed and unlisted equities, fixed interest and property. Where the investment pertains to a company, ESG factors can arise directly through the entity's own operations, or indirectly through those of its customers and suppliers, or may additionally relate to the industry or regulatory environment in which the company operates. For illustrative purposes, potential ESG factors that may be relevant to a fund include, but are not limited to, the following:

Environment

- Air and water pollution
- Biodiversity loss and ecosystem degradation
- Climate Change
- Deforestation
- Energy efficiency and greenhouse gas emissions reduction
- Natural capital depletion
- Natural disaster risk
- Policy and regulatory change
- Resource scarcity
- Waste management
- Water scarcity

Social

- Animal welfare
- Community investment
- Conflict & security
- Consumer protection
- Customer satisfaction
- Diversity and equal opportunities
- Financial and social inclusion
- Human capital development
- Human rights
- Improper land acquisition
- Indigenous rights and the application of Free, Prior and Informed Consent
- Industrial Relations
- Labour Standards
- Occupational Health and Safety
- Population demographic change
- Product safety and liability
- Societal health and wellbeing
- Stakeholder engagement

Governance

- Anti-competitive behaviour
- Audit committee structure
- Board composition
- Bribery and corruption
- Business ethics and conduct
- Executive remuneration
- Legal and regulatory framework
- Market conduct
- Regulatory compliance
- Reporting and disclosure
- Stakeholder dialogue
- Tax payment
- Transparency

The Trustee recognises that climate change is a significant and complex global issue and that as a large investor NULIS can have an impact through its investment decisions, engagement and proxy voting. The Trustee requires the Portfolio Manager and, in turn, underlying Investment Managers, to ensure that climate change risks are appropriately considered, with other ESG factors referred to in this Policy, as part of the due diligence for new investments and monitoring for existing investments.