

NULIS Responsible Investment Policy

NULIS Nominees (Australia) Limited (NULIS)

Effective Date: 22/01/2025

Last Review Date: 27/10/2024

Table of contents

1.	Overview	2
2.	Responsible Investment	3
3.	Roles and Responsibilities	8
4.	Policy Breaches	10
5.	Policy Management Information	10
6.	Appendices	12

Issued by NULIS Nominees (Australia) Limited ABN 80 008 515 633 AFSL 236465 (NULIS) as trustee for the MLC Super Fund ABN 70 732 426 024. NULIS is part of the Insignia Financial group of companies comprising Insignia Financial Limited ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group). While all reasonable care has been taken in the production of this document, NULIS makes no representations in respect of the accuracy or completeness of the information in this document and to the extent permitted by law, NULIS and each other entity in the Insignia Financial Group exclude all liability for any loss or damage arising out of reliance, in whole or in part, on this document. The information in this document is general in nature and you should consider the relevant Product Disclosure Statement before you make any decisions. You should also consider obtaining independent advice before you make any decisions based on the information in this document.

1. Overview

1.1 Purpose and Objectives

Responsible Investment (**RI**) is a commonly used term to describe the practice of incorporating Environmental, Social and Governance (**ESG**) factors into the research, analysis, and selection of investments (known as **ESG Integration**) and includes engaging with companies and exercising ownership rights such as via proxy voting (known as **Active Stewardship**), to improve investment outcomes.

This policy (**RI Policy**) outlines NULIS's approach to responsible investment.

A reference in this RI Policy to “we”, “our” or “us” is to NULIS.

The objectives of the RI Policy are:

- To provide our guidelines for responsible investing;
- To support our strategic objectives and priorities;
- To demonstrate compliance with regulatory obligations and legislative requirements;
- To provide clear responsibilities and accountabilities that apply to the RI approach; and
- To manage risks efficiently and effectively.

1.2 Policy framework

The RI Policy is part of the Investment Governance Framework. The Investment Governance Framework is the totality of systems, structures, policies, processes and people that enable us to meet our investment governance responsibilities and duties to our Members.

1.3 Scope and Application

Scope

The RI Policy applies to NULIS Nominees (Australia) Limited (**NULIS**) as trustee for the MLC Super Fund (**Fund**).

Application

This Policy applies to **Our People** who are involved in investment decisions.

Our People refers to all employees, including casual, temporary, and contracted employees, as well as executives and non-executive directors, any Board independent committee members that are not directors, and any third parties acting on behalf of the Group in respect of investment related services that are provided to or for NULIS in respect of the Fund.

2. Responsible Investment

We believe it is in Members' best financial interests to consider ESG Factors in investment decisions, where possible and practicable. This belief is consistent with the objective of helping Members' meet their retirement goals by seeking strong long-term investment returns whilst managing risk.

An example of how ESG Factors impact the risk and return characteristics of an investment:

If a company isn't taking into account pollution risks (E), underpays its workers (S), or has weak oversight of key business functions (G), there is a risk that it will experience adverse consequences at some point, which in turn will negatively impact its operations, financial performance and value.

Our views on, and approach to, RI are outlined in this section of the policy.

Section 3 'Roles and Responsibilities' outlines more detail on how we implement our RI approach.

We understand that approaches to RI are evolving. Therefore, this RI Policy will be reviewed annually.

2.1. The consideration of ESG Factors assists in meeting long-term performance objectives as they can be a source of opportunity and managing risk for Investment Options

- ESG Factors, as illustrated in the example above, can influence the risk profile and investment returns of Investment Options over the long-term. The inclusion of ESG Factors, such as climate change, requires a long-term focus. The long-term focus and impacts of ESG Factors are consistent with core aspects of our overall investment philosophy that emphasises taking a long-term view when investing.
- Good outcomes for Members are best achieved through considering ESG Factors.
- We will assess an Investment Manager's approach to RI as one of many factors considered as part of the analysis and selection of Investment Options.
- For the MLC Investment Options, we've appointed a Portfolio Manager, MLC Asset Management Services Limited, that is required to have appropriate resourcing to enable it to assess and monitor an Investment Manager's approach to managing ESG Factors.
- For some Investment Options, or asset classes within an Investment Option, it is either not possible to consider ESG Factors or they can only be applied to a limited extent because of the nature of those asset classes, the amount invested, or the way investments are held in those asset classes (examples of these limitations and constraints are provided in the callout box below).

Examples of limitations and constraints to applying ESG Integration

- In certain asset classes the ability to apply ESG Integration is either constrained or not possible, for example, in Derivatives and Cash.
 - Investment Options which are largely managed by index or passive Investment Managers (an example of a partially index option on our investment menus would be the MLC Low-Cost Investment Options) may be limited in how they can apply ESG Integration. This is because these Investment Managers essentially track an index and therefore are generally constrained to investing in companies in the index, even where companies demonstrate poor ESG characteristics. However, these Investment Managers may be able to use other RI approaches such as proxy voting and engagement (see section 2.2).
-

2.2. Active Stewardship can positively influence corporate behaviour and investment outcomes

- Active Stewardship involves engaging (where possible) with entities on their management of ESG Factors. An engagement example is exercising ownership rights, such as via proxy voting.
- Active Stewardship can result in improved practices and strategic decisions, creating the opportunity for enhanced investment outcomes for Members.
- For MLC Investment Options, the Portfolio Manager must comply with this RI Policy by assessing an Investment Manager's process for engaging with companies on material ESG issues. In respect of proxy voting, our investments are subject to the proxy voting policy of the trustee of the trusts that hold our investments. Our [Proxy Voting Policy](#) explains in more detail how this works.
- The Non-MLC Investment Options available to our Members are accessed through holdings in the Investment Managers' funds. Active Stewardship activities are conducted in accordance with the Investment Managers' policies and procedures.

2.3. Climate change creates significant long-term risk and opportunities that require special attention

- Climate change refers to long-term shifts in temperatures and weather patterns. Climate change carries significant risks to human health, economies, and ecosystems. Climate change risks are categorised as:
 - Physical risks – such as extreme weather events.
 - Transition risks – the risks related to the measures required to address climate change such as changes to policy and regulation.

- Liability risks – stem from potential litigation in relation to non-compliance with policy and regulation in relation to climate change.
- Effective responses to climate change will involve a combination of climate mitigation and adaption measures. Therefore, Investment Managers who consider the climate risks of their portfolios and securities can enhance risk-adjusted returns relative to those who do not.
- Since the 2015 Paris Agreement was signed, it is recognised that reaching net zero carbon dioxide emissions around 2050 is required to turn the goals outlined in the agreement into reality.
- The adjustments required to combat climate change are expected to foster attractive investment opportunities across multiple sectors including renewable energy, green infrastructure, carbon markets, water management, agriculture, forestry and climate adaptation.
- For MLC Investment Options, the Portfolio Manager is required to assess the underlying Investment Manager's position on climate change and incorporate this risk into the Portfolio Manager's broader ESG risk assessment of the Investment Manager. This assessment should include consideration of how they use Active Stewardship to help manage climate-related risks. Given its importance, the Portfolio Manager requires an explicit climate change section in the regular reporting it receives from underlying Investment Managers.
- For Non-MLC Investment Options, when an Investment Option is considered for inclusion on our investment menus and when we conduct periodic Operational Due Diligence reviews on the Investment Manager, it includes, where possible, consideration of their position on climate change.
- Climate change stress testing scenarios are used to understand the potential impact of climate change on performance and liquidity of the Investment Options. The results of stress testing are presented to the Superannuation Trustee Investment Committee as part of the annual Investment Strategy Review. The metrics and commentary from the stress testing are used in investment decision-making.

2.4. Exposure to Modern Slavery and Controversial Holdings pose financial risks

- Exposure to Modern Slavery practices and Controversial Holdings poses financial risks that can significantly impact the performance of Investment Options.

Modern Slavery

- We recognise the “social” component of ESG includes the importance of human capital management, working conditions and labour standards as potential risks in investment entities and their supply chains.
- When an Investment Option is considered for inclusion on our investment menus and when we conduct periodic reviews on the Investment Manager, it includes, where possible, consideration of their approach to Modern Slavery risks.

- For MLC Investment Options, our Portfolio Manager assesses exposure to Modern Slavery risks through obtaining explicit reporting from Investment Managers on how they are assessing modern slavery risks in companies they invest in; and monitoring the proportion of assets that are allocated to countries and sectors that are considered at higher risk of modern slavery.
- We are also subject to the Insignia Financial Modern Slavery Policy. For more information on Modern Slavery refer to our [Insignia Financial Modern Slavery Statement](#).

Controversial Holdings

- Controversial Holdings refer to investments in companies or industries that are involved in activities or practices that are generally considered to be unethical, harmful, or socially unacceptable. Examples of investments that are regarded as Controversial Holdings include gambling, alcohol, tobacco, and weapons. Investments in Controversial Holdings increase the risks to the long-term performance of our Investment Options.
- The management of Controversial Holdings will generally involve the use of ESG Integration and Active Stewardship. However, when these approaches can't mitigate the long-term risks (such as climate risk or reputational risk) associated with the Controversial Holdings, Negative Screening is a tool we will consider in these circumstances.
- For the MLC Investment Options, we will assess a range of considerations to determine whether to apply Negative Screens to Controversial Holdings, including screens which apply to the MLC Socially Responsible Growth Investment Option. NULIS determines the appropriateness of the Negative Screens which are to be applied based on the following key considerations:
 - Consumer views on Controversial Holdings
 - Consideration of industry standards
 - Contemporary views on RI, including reference to the Principles for Responsible Investment
 - Consideration of the Your Future Your Super Performance Test
 - Engagement with our Asset Consultant, and
 - Implementation considerations.
- For Non-MLC Investment Options, to manage Controversial Holdings, Investment Managers may use ESG Integration, Active Stewardship or apply one or more Negative Screens in order to entirely, or partially, exclude exposure to certain Controversial Holdings. As a result, when an Investment Option is considered for inclusion on our investment menu and when we conduct periodic reviews on the Investment Manager, it includes, where possible, consideration of their approach to RI and any negative screens.

NULIS applies Negative Screens in the following circumstances:

- MLC Investment Options will not invest directly in listed tobacco manufacturing companies. A tobacco manufacturing company is a company that produces cigarettes and tobacco-related products. The Portfolio Manager excludes these companies by applying a negative screen on tobacco production. There may be times when there's a small level of unintended or indirect exposure to tobacco manufacturing companies (defined as a company that manufactures cigarettes and tobacco-related products) where the Investment Options are invested in:
 - index options,
 - futures, and/or
 - exchange traded funds.
 - As the Negative Screen applies only to tobacco manufacturing companies, the Investment Options may have exposure to other activities in the value chain for tobacco manufacturing e.g., raw materials, production inputs, distributions, retail sales and the financing of such activities.
 - MLC Socially Responsible Growth Investment Option –includes Negative Screens to exclude sectors and companies that are involved in some business activities (e.g., tobacco manufacture and gambling) that are considered by NULIS to conflict with certain moral and ethical considerations and values that are consistent with the Investment Option's Socially Responsible label. Negative Screening is applied based on the revenue earned from these business activities, subject to revenue limits. More information is available in the relevant PDS.
 - Negative Screens are reviewed annually. The results are presented to the Superannuation Trustee Investment Committee for their review, and for consideration of any recommended actions.
-

2.5. Some Members want access to ESG-labelled Investment Options

- We provide investment choice to Members, inclusive of an ESG-labelled Investment Option, named MLC Socially Responsible Growth, which can be selected for Members wanting to align their investments with their moral or ethical values.
- ESG-labelled Investment Options may include a range of additional investing approaches (above and beyond the application of RI as defined in this policy) including, Socially Responsible or Ethical Investing, Sustainable Investing, Negative Screening, Positive Screening or Thematic Investing and Impact Investing.
- The MLC Socially Responsible Growth Investment Option excludes certain Controversial Holdings (e.g., tobacco and gambling), through the use of Negative Screens which are applied based on the revenue earned from these business activities, subject to revenue limits. More information on the MLC Socially Responsible Growth Investment Option is available in the relevant Product Disclosure Statement (PDS).

- Where an Investment Option is ESG-labelled we will do an additional level of due diligence on the Investment Manager's approach to RI (including, but not limited to, assessing their approach to negative screening, controversial holdings, and modern slavery) and any additional investing approaches they are using to support their ESG-label. Additionally, the review aims to ensure the Investment Option is "true to label" in the sense that the branding of the Investment Option aligns with its underlying Investment Strategy.

3. Roles and Responsibilities

The table below outlines how the RI Beliefs are applied to the various roles.

Role	Responsibilities
NULIS Board and Superannuation Trustee Investment Committee	<p>We ensure the application of our RI Policy by:</p> <ul style="list-style-type: none"> • Reviewing and approving the RI Policy annually; • Reviewing and providing feedback on the annual RI Strategy which is a document outlining key activities related to RI which are planned for the year ahead, including addressing regulatory changes and/or activities which enhance our approach to RI. • For the MLC Investment Options: <ul style="list-style-type: none"> ○ Appointing expert service providers to assist with implementing investment decisions and provision of advice in relation to RI; ○ Overseeing the Portfolio Manager's performance under this RI Policy including that it monitors and reviews Investment Managers, including via an annual Responsible Investment due diligence review; ○ Assessing and approving any RI initiatives, e.g. the application of negative screens; ○ The annual Operational Due Diligence (ODD) of the Portfolio Manager is reviewed, including consideration of consistency of the Portfolio Manager's approach to RI with this RI Policy; and ○ Requiring and reviewing regular reporting on RI. • For the Non-MLC Investment Options: <ul style="list-style-type: none"> ○ Assessing new Investment Options, including consideration of the Investment Manager's approach to RI. ○ Periodically we conduct an Operational Due Diligence review as part of the ongoing monitoring of the Investment Options, including consideration of any issues in relation to RI.
Investment Governance and Product Teams	<p>On our behalf, the Investment Governance Team and the Product Team are responsible for the following activities in relation to RI:</p> <ul style="list-style-type: none"> • Developing, maintaining and reviewing the RI Policy on at least an annual basis.

	<ul style="list-style-type: none"> Ensuring all employees with a designated role in relation to RI are made aware of, and trained on their roles, responsibilities, and accountabilities with respect to this policy. For the Non-MLC Investment Options: <ul style="list-style-type: none"> The selection process, for adding new Investment Options to the investment menu, involves research and due diligence (including at a minimum looking at the Investment Manager's RI Rating as assessed by external research houses). This includes the assessment of the Investment Manager's approach to RI. The assessment of RI forms part of the approval paper which is provided to the Superannuation Trustee Investment Committee. The ongoing Operational Due Diligence (ODD) review is performed on a risk-based frequency, based on the overall risk assessment of each Investment Manager and with consideration to complexity and whether the Investment Option is ESG-labelled. At a minimum the ODD review must be undertaken: <ul style="list-style-type: none"> Every 3 years for "low" risk rated Investment Managers; Every 2 years for "medium" risk rated Investment Managers; and Annually for "high" risk rated Investment Managers (this includes any Investment Options which are managed by a Related Party). The "low", "medium" and "high" ratings are based on a range of risk factors, including responses to risk-related questions contained within the ODD review, including, but not limited to, RI/ESG related questions. For example, Investment Managers with ESG-labelled Investment Options are more likely to be considered a higher risk rated Investment Manager because of the complex nature of accurately reflecting the ESG characteristics of these investment options. Investment Options are stress-tested annually using our approved climate change scenarios and the outcomes of the testing are presented to the Superannuation Trustee Investment Committee for consideration of any recommended actions. Developing the RI Strategy.
Member Office	<ul style="list-style-type: none"> Consult on and review any changes to this policy, specifically to ensure our fiduciary obligations are complied with, specifically Members' Best Financial Interests and Member Outcomes and any other regulatory and legislative obligations are appropriately considered. Endorse any non-material changes to this policy. Conduct an annual Operational Due Diligence on Investment Options which are managed by a Related Party (including the Portfolio Manager), including review of their RI and Proxy Voting policies and practices. Review reporting on proxy voting decisions and ESG activities provided by the Portfolio Manager.
Portfolio Manager	<p>MLC Asset Management Services Limited (MSL) is currently appointed by us as the Portfolio Manager to carry out portfolio management services supporting MLC Investment Options of the MLC Super Fund.</p>

	<p>The Portfolio Manager is required to:</p> <ul style="list-style-type: none"> • Provide insight on RI developments and activities as part of supporting us in our decision making in relation to RI. • Make investment decisions in alignment with this policy. • Regularly review Negative Screens, with assistance from the Investment Governance Team and the Asset Consultant. • Management of MLC Investment Options, including MLC Socially Responsible Growth, in accordance with this RI Policy and our other governance documents. • Complete appropriate due diligence on Investment Managers they select and ensure RI considerations are assessed in the evaluation process. The Investment Managers selected should have ESG Integration and Active Stewardship within their investment process, where possible. • Have a process to engage with companies on ESG issues and ensure the Investment Managers selected also have a process for engaging with the entities they invest in. • Exercise ownership rights, such as via proxy voting, when appropriate. • On a quarterly basis, report on ESG activities including on Responsible Entity proxy voting decisions considered as “material and contentious” by the Portfolio Manager’s independent proxy voting adviser. • Report annually on how this Policy is being applied and any substantive company engagement activities undertaken. • Support development and implementation of our RI Strategy.
Asset Consultant	<p>We appoint an Asset Consultant to:</p> <ul style="list-style-type: none"> • Conduct climate change stress-testing of MLC Investment Options (see section 2.3 above). • Provide annual reports covering RI analysis and industry trends assessment. • Address ESG related requirements under APRA’s Prudential Standard SPS 530 Investment Governance into the annual Investment Strategy Review (ISR). • Review and as required, provide advice on: <ul style="list-style-type: none"> ○ our Portfolio Manager’s and Investment Governance Team’s recommendations and reports on RI, and ○ updates to this RI Policy.

4. Policy Breaches

4.1. Consequences of Non-Compliance

Non-compliance with this policy may result in disciplinary action in line with the Code of Conduct and Consequence Management Framework. A breach of this policy may be a breach of legislation or regulatory obligation. All breaches will be managed in accordance with the Incidents and Breaches Policy.

5. Policy Management Information

5.1. Relevant Legislative and Regulatory Requirements

This Policy supports compliance with:

- APRA Prudential Standard 530 Investment Governance
- APRA Prudential Practice Guide SPG 530 Investment Governance
- APRA Prudential Practice Guide CPG 229 Climate Change Financial Risks
- Superannuation Industry (Supervision) Act 1993 (Cth)
- ASIC (Information sheet 271)

5.2. Policy Management Details

The key policy management details for this Policy are provided below:

Document Title	NULIS Responsible Investment Policy
Document Level	Level 2 - Policy
Document Owner	General Manager, Investment Governance
Document Approver(s) and Approval* Date(s) *Material changes – the Document Approver will be the Board, Non-material changes – the Document Approver will be the Document Owner and Approving Authority	NULIS Board approved the Policy on 02/12/2024.
Approving Authorities and Approval Date(s)* *Only relevant for non-material changes	N/A
Document Review Frequency	Annual
Effective Date	22/01/2025
Published/ Released Date	22/01/2025
Last Reviewed Date	27/10/2024
Next Scheduled Review Due Date	27/10/2025
Document Author/ Contact	Meredith Buchanan
Document location	https://hq.ioof.com.au/display/policy/Distribution+Policies
Version	4.0
Document Repository ID	1045743

5.3. Policy Revision History

Version	Date Released	Author(s)	Description
1.0	1 December 2022	Orla Cowan & Meredith Buchanan	Annual review
2.0	1 December 2023	Orla Cowan & Meredith Buchanan	Annual review
3.0	15 May 2024	Orla Cowan & Meredith Buchanan	Out of Cycle Update

4.0	22 January 2025	Orla Cowan & Meredith Buchanan	Annual review
-----	-----------------	--------------------------------	---------------

5.4. Related documents

Related document	Explanation
Investment Governance Policy	This document is the overarching policy for investment governance activities.
Insignia Financial Modern Slavery Policy	The Modern Slavery Policy outlines Insignia Financial Limited's approach to meeting the requirements of the Commonwealth Modern Slavery Act 2018 (The Act).
NULIS Proxy Voting Policy	The NULIS Proxy Voting Policy outlines how NULIS represents members through Proxy Voting in matters of corporate governance.

6. Appendices

6.1. Key Terms and Definitions

For the purposes of this policy and related documents, the following definitions apply:

Term	Definition
ESG Factors	<p>RI involves considering a broad range of ESG Factors that may of themselves, or in combination, impact the risk profile and return characteristics of an investment. The following are examples of areas covered by (but not limited to) the broad headings of Environment, Social and Governance:</p> <p>Environmental</p> <ul style="list-style-type: none"> • Contribution to climate change initiatives through reduction in greenhouse gas emissions, • Waste management • Energy efficiency • Water supply • Pollution • Biodiversity <p>Social</p> <ul style="list-style-type: none"> • Human capital management • Labour standards • Modern slavery • Diversity, Equity and Inclusion • Workplace health and safety • Integration with local community and earning a social licence to operate • Indigenous rights • Employee engagement <p>Governance</p>

	<ul style="list-style-type: none"> • Rights, responsibilities and expectations across all stakeholders • Board structure, diversity and independence • Executive remuneration (short and long-term incentives) • Bribery and corruption • Anti-competitive behaviour • Political lobbying and donations • Shareholder rights • Tax strategy
ESG Integration	Identifying and considering ESG Factors in the investment decision-making process to improve investment outcomes.
Group	Insignia Financial Limited and its subsidiaries and related bodies corporate.
Impact Investing	Explicitly acknowledges that investment returns are made up of both financial returns and measurable societal benefits, representing an investment outcome that would not be achievable in the absence of the long-term commitment of Members' capital (known as additionality), and which is intentionally targeted by the Investment Strategy.
Investment Manager	<p>An entity that is responsible for the execution and management of an investment portfolio which forms part of or comprises an investment option offered to Members.</p> <p>A reference to an Investment Manager in this RI Policy includes a Responsible Entity or trustee for a managed investment scheme, the general partner of a limited partnership or a person who manages a portfolio of investments under an investment mandate.</p>
Investment Option	An investment option offered by NULIS to Members under the terms of a product disclosure statement for interests in the Fund.
Investment Strategy	The investment strategy that NULIS is required to formulate, regularly review and give effect to under section 52(6)(a) of the Superannuation Industry (Supervision) Act 1993 (Cth).
Member	A member of the MLC Super Fund.
MLC Investment Option	Any investment option that is expressly branded as an MLC investment option, such as "MLC Balanced" or "MLC Socially Responsible Growth" investment options.
Negative Screening	The Investment Strategy excludes particular companies from an investment portfolio because of their particular business activity e.g., tobacco manufacturers.
Non-MLC Investment Option	Any Investment Option which is not an MLC Investment Option.
Operational Due Diligence	This is a review undertaken to determine whether a party is operating in accordance with our policies, including this policy.
Out of Cycle Update	An update to the policy that occurs outside of the review cycle, triggered by internal and/or external events such as updates to regulations, internal feedback or improvements identified by audits.
Positive Screening or Thematic investing	The Investment Strategy limits an investment portfolio to companies that undertake specific activities e.g., renewable energy-related companies.
Socially Responsible' or 'Ethical' investing	The Investment Strategy emphasises moral or ethical considerations and values over other information that may be relevant to investment outcomes.
Superannuation Trustee Investment Committee	A committee of the Board. The Superannuation Trustee Investment Committee is responsible for supporting the Board in relation to investment matters.

Sustainable Investing	The Investment Strategy explicitly targets companies that have a measurable and specific benefit to society such as being aligned to one of the United Nations Sustainable Development Goals (SDGs).
------------------------------	--