CSF Pty Limited
(ABN 30 006 169 286) (AFSL 246664)

MYLIFEMYMONEY Superannuation Fund

Responsible Investment Policy

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1. Fund Objectives

1.1 Overview

1.1.1 The general objective of CSF Pty Limited (the Trustee), the Trustee of the MYLIFEMYMONEY Superannuation Fund (the Fund), is to provide its members with the best possible level of income in retirement.

1.1.2 The Trustee recognises that there are a number of factors that will determine whether this objective is met, some of which are outside the Trustee’s control. The factors outside the control of the Trustee include the rate at which members contribute savings to the Fund, the time for which they are in the Fund, their level of income whilst working, and member decisions as to which of the Fund’s options they invest their retirement savings in.

1.1.3 These constraints notwithstanding, the Trustee views its mission and the way in which it can best contribute to its general objective, as being to provide its members with the best possible medium to long term risk adjusted returns for investment option(s) they choose to invest in.

1.1.4 The achievement of this objective requires the Trustee to focus its attention on a number of major factors, the most important of which are:

- Asset allocation;
- Portfolio structuring;
- Portfolio diversification;
- Investment manager selection; and
- Risk management.

1.1.5 As stated above, the Trustee’s primary focus is on optimising members’ long term investment returns and, hence, retirement income. At the same time, the Trustee believes that the welfare of members in retirement will be influenced by the environmental and social amenity of the world in which they live. Accordingly, all other things being equal, the Trustee will be inclined to favour investments which contribute to positive environmental and social outcomes, and will be inclined to avoid investments which have the opposite impact.

1.2 Associated Documents

1.2.1 This Policy should be read in conjunction with the Trustee’s other investment related policies: Investment Policy Statement, Climate Change Policy and Voting Policy.
2. Implications of the Fund’s Objectives on its Investments

2.1. The Trustee aims to maximize its risk adjusted returns when investing in high growth assets by tempering the risk of those assets through:
   - Diversification across sources of risks;
   - Risk focused medium term asset allocation changes; and
   - Astute manager selection.

2.2. In selecting its investments and investment managers, the Trustee is mindful of the general risk characteristics of each asset class and of the investment styles or approaches of each of the managers that it appoints. In addition, prior to appointment it investigates the risk management approach of each of its managers and actively monitors the performance characteristics of each manager, in part with the objective of determining whether any unexpected risks are being manifested.

2.3. However, the Trustee is also aware that there are some risks and potential opportunities that its investment managers are unlikely to focus on. These relate to Environmental, Social and Governance (ESG) issues that tend to be longer term and less tangible than traditional financial considerations. The Trustee believes that this applies to all asset classes, including active and passive mandates in listed and unlisted investments. This may be particularly the case in the listed equity asset classes, where investor time horizons tend to be from one to three years and where portfolio turnover can be high.

2.4. The ESG issues are defined as follows:
   - **Environmental** – In addition to wider concern about environmental degradation, there is increasing recognition of the threat of climate change to the stability of the global economic and financial system. Climate change creates an imperative for reducing carbon emissions and improving energy efficiency across all sectors of society. There is also a need to adapt and build resilience to the changing climate as it unfolds, particularly in those regions most at risk. As such, enterprises that are either not aware of their environmental impacts, or are aware and fail to manage them, can pose a significant long term investment risk. In addition, some businesses that capture the transition to a low carbon economy could produce new opportunities. The Trustee is strongly of the view that these risks need to be managed and new opportunities captured as the world transitions to a low carbon economy. For these reasons the Trustee has a separate Climate Change Policy.
   - **Social** – The Trustee believes that the way in which companies and enterprises manage their operations with respect to labour market practices, work health and safety, product liability and supply chain management can pose very substantial investment risks. These issues need to be taken into consideration by fund managers in their investment management process.
   - **Governance** – The Trustee is of the view that governance risks are a major long term threat to investor value. These risks can be present, not just in equity assets, but in nearly all asset classes including corporate debt, property and infrastructure investments. Conversely, the Trustee is of the view that, all other things being equal, good governance will tend to be rewarded over the longer term.
2.5. The Trustee is aware that, as an investor in international and domestic equity markets, it is likely to have broad exposure to all major companies virtually all the time.

2.6. As a consequence of being both a long term investor and a near universal holder of International and Australian shares, the Trustee is of the view that it would not be fulfilling its fiduciary duty to its members if it did not seek to manage these ESG risks and opportunities in order to maximize its prospective long term returns.

2.7. Besides the broad definitions offered above, the Trustee defines ESG factors as having one or more of the following characteristics:
   
   - Are the focus of public concern;
   - Have a medium to long-term horizon;
   - May be qualitative and not readily quantifiable in monetary terms;
   - Reflect externalities not well captured by market mechanisms;
   - Are often the focus of policy and regulatory reform; and
   - Can arise throughout a company’s supply chain as well as in the production process and in marketing and eventual use of the goods and services produced by the company.

2.8. The Trustee is strongly of the view that responsible corporate behaviour with respect to ESG factors will act to reduce investment risk and can generally have a positive influence on long-term corporate and portfolio performance.

2.9. In this regard the Trustee believes that:
   
   - Disclosure should be a key focus that allows investors to better understand, evaluate and assess potential risk and return, including the potential impact of ESG factors on an entity’s performance;
   - Investment analysis should evaluate ESG factors in terms of their potential impact on risk and return across asset classes;
   - Engagement with companies should be a core part of the investment process to improve standards of disclosure and industry best practice to proactively manage ESG risks and opportunities that may arise across different sectors and regions; and
   - Asset owners should engage with investment managers, consultants and other stakeholders along the investment chain such that processes are in place and capabilities exist to ensure that ESG risks and opportunities have been integrated.

2.10. As a long term investor and near universal owner of Australian shares, the Trustee also believes that it can enhance members’ interests by contributing to the effective operation of financial markets, quite apart from risks and opportunities arising from specific ESG issues.

2.11. The Trustee believes that markets are generally focussed on a time horizon which is much shorter than it should be, and that this results in inefficient allocation of capital at the overall market level as well as excessive costs in management of institutional investment portfolios. The Trustee will seek to ensure that its
own behaviour does not reinforce this short term focus. The Fund will also seek where possible to have a positive influence on overall market behaviour.

2.12. The Trustee does not believe that screening investments to exclude those that fail some measure of ethical, responsible, sustainable or other non-financial criteria is generally a successful methodology for either managing the risks that are discussed above or of bringing about a general change in corporate behaviour to reduce these risks. Rather, it is the view of the Trustee that:

- Screening out investments reduces the investment opportunity set, which could result in lower returns and/or higher levels of risk.
- As a mechanism for achieving positive change in company behaviour, engagement with investee companies will generally be superior to negative screening or divestment.
- Decisions about the investment merit of a particular company are best left to external managers who are appointed for their skill in stock selection and portfolio management, who are aware of all the risks facing companies including those arising from ESG issues and who operate with the knowledge of the Trustee’s Responsible Investment Policy.

2.13. That being said, where assets are managed under a segregated mandate (only applicable in Australian shares), the Trustee may implement negative screening or divestment on a case-by-case basis. Factors which will be taken into account in assessing the merit of negative screening or divestment in a particular instance include:

- The nature of the company’s activities and behaviour. The Trustee will be more inclined to implement a negative screen or divest from a company:
  - Which is involved in activity which is in breach of Australia’s international treaty obligations or Australia’s international responsibilities under various conventions.
  - Which is or has been involved in illegal actions, particularly where these actions are ongoing and endemic.
  - Where the core activities of that company are unacceptable.
- Perceptions regarding members’ attitudes towards the activities or behaviours in question.
- Whether in the particular instance, the general presumption that engagement is a superior mechanism for achieving change in the company’s behaviour holds true.
- The potential impact of divestment on the investment performance of the Trustee’s overall portfolio.

2.14. The Trustee favours integration of ESG factors into investment analysis with a view to pro-actively managing risks and capturing opportunities as well as engagement with investee companies and with investment agents to raise industry standards.

2.15. This can be achieved both in terms of the Fund’s own activities as well as through collaboration with other funds and industry agents along the investment chain.
3. Policy on Responsible Investment

3.1 Overview

3.1.1 The Trustee believes that the incorporation of ESG factors into its investment decision making framework is an essential component in meeting the Fund’s fiduciary obligations to its members. In keeping with recent industry developments, in particular the Principles for Responsible Investment (PRI), the Trustee has decided to call this process of incorporating ESG factors into its investment process ‘Responsible Investment’.

3.2 Policy Components

3.2.1 The broad components of the Trustee’s Responsible Investment Policy are described below within the framework provided by the PRI:

A. Wherever practicable, we will seek to incorporate ESG issues into investment analysis and decision-making processes.

Possible actions:

- Address ESG issues in the Fund’s investment-related policies where applicable;
- Support the development of ESG-related tools, metrics, and analyses;
- Seek to assess the capabilities of external investment managers to incorporate ESG issues;
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis; and
- Encourage academic and other research on this theme.

B. We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Exercise the Fund’s voting rights and seek to monitor managers’ voting where invested in pooled vehicles (further detail can be found in the Trustee’s Voting Policy);
- Seek to support direct engagement with corporate entities in which the Fund is either invested or may become invested;
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights); and
- Ask investment managers to undertake and report on ESG-related engagement.

C. We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions:

- Support the introduction of standardised portfolio measurement and reporting on ESG issues;
- Ask for ESG issues to be integrated within annual financial reports;
• Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact); and

• Support shareholder initiatives and resolutions promoting ESG disclosure.

D. We will promote acceptance and implementation of ESG issues within the investment industry.

Possible actions:

• Include ESG-related requirements in requests for proposals (RFPs) where applicable;
• Communicate ESG expectations to investment service providers;
• Revisit relationships with service providers that fail to meet ESG expectations;
• Support the development of tools for benchmarking ESG integration; and
• Support regulatory or policy developments that enable better integration of ESG factors into investment decision making.

E. We will work with other investors to enhance our effectiveness in implementing ESG issues within the general investment framework.

Possible actions:

• Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning;
• Seek to collectively address relevant emerging issues; and
• Develop or support appropriate collaborative initiatives.

F. We will work to develop a framework to enable us to report on our activities and progress towards incorporating ESG issues in our investment and business processes.

This includes the following:

• Seek to disclose how ESG issues are integrated within our investment practices;
• Disclose our active ownership activities including voting, engagement, and/or policy dialogue;
• Disclose what is required from service providers in relation to the incorporation of ESG principles; and
• Seek to make use of our reporting to raise awareness of ESG issues among a broader group of stakeholders.
4. **Affiliations to help the Trustee Achieve the Objectives of this Policy**

4.1 **Overview**

4.1.1 In keeping with the collaborative emphasis in much of this Policy, the Trustee will seek to join with others to help achieve the objectives of this Policy.

4.1.2 This may include:

- Joining organisations whose objectives are consistent with this Policy;
- Sponsoring the establishment of new organisations whose objectives are consistent with this Policy; and
- Entering into engagement and policy initiatives with others to help comply with this Policy.

4.2 **Affiliated Organisations**

4.2.1 In keeping with these principles, the Trustee has joined, sponsored or partnered with the following organisations:

- Australian Council of Superannuation Investors (ACSI)
- The Investor Group on Climate Change (Australia and New Zealand) (IGCC)
- The Carbon Disclosure Project (CDP)
- The United Nations-supported Principles for Responsible Investment (PRI)
- The ESG Research Australia (ESGRA)
- Responsible Investment Association Australasia (RIAA)

4.2.2 The Trustee utilises the professional services of the following organisations as part of its effort to achieve the objectives of this Policy:

- Bank of Montreal’s Responsible Engagement Overlay (reo), formerly F&C Management Limited
- Regnan - Governance Research and Engagement
- MSCI ESG Research
- Global Real Estate Sustainability Benchmark (GRESB)
- Trucost Plc

4.2.3 The Trustee will continue to actively seek opportunities to join with like investors to help achieve the objectives of this Policy.
5. Implementation and Financial Commitment

5.1 Implementation

5.1.1 The investment team reports to the Trustee’s Investment Management Group (IMG) on the initiatives and activities of the Fund in this area annually, or on a more frequent basis as required by the IMG or the Trustee.

5.2 Financial Commitment

5.2.1 In keeping with the importance that the Fund places on managing long term ESG risk and seeking to enhance long term performance from the avoidance of such risks, the Trustee commits an annual budget up to 0.01% of assets to fund its activities in this area.

6.1 **Annual Review**

6.1.1 This Policy will be reviewed on a biennial basis.

6.1.2 The results of the review will be reported to the Trustee Board for approval.

6.2 **Ad Hoc Review**

6.2.1 The Investment Management Group or the Trustee may determine to complete an ad hoc review of this Policy in response to:

a. A change to the Relevant Law.

b. A material change to the operation of the Fund Secretariat or to the Trustee's business objectives or budget.

c. A material change to the Trustee’s service providers or sponsored organisations listed in Section 4 above.

6.2.2 The results of the review will be reported to the Trustee Board for approval.