

Objective

This Policy sets out Suncorp's approach to ensuring the long-term sustainability of investment returns and the management of environmental, social and governance (**ESG**) risks and opportunities in our investment portfolios.

Scope

This Policy applies to Suncorp Group Limited (**SGL**), AAI Limited (**AAIL**), Vero Liability Insurance Limited, and Vero Insurance New Zealand Limited (**the Legal Entities**), and Suncorp Corporate Services Pty Ltd (**SCS**).

This Policy does not apply to AA Insurance Limited (NZ), or NTI Limited.

This Policy applies to External Investment Managers engaged by SCS in its capacity as Investment Manager and appointed under an Investment Management Agreement (**IMA**). The Policy does not apply to investments in collective (pooled) vehicles where Suncorp is not the Responsible Entity. Suncorp will apply the principles outlined in this policy to the extent practicable in its selection of collective investment vehicles.

Suncorp is a signatory to the [United Nations Principles for Responsible Investment \(PRI\)](#). Suncorp will strive to incorporate the six PRI principles in its investment activities at all times.

Responsible Investment Beliefs

This Policy is guided by our approach to sustainability and reflects [our commitment to the United Nation's Sustainable Development Goals \(SDG's\)](#).

Suncorp considers successful long-term investing to be consistent with the allocation of capital to enterprises with sustainable business practices. Suncorp recognizes that ESG factors contribute to both risks and opportunities, hence integrating material ESG factors into the selection and monitoring of investments enables better management of longer-term risk and return. We view the objective of long-term value creation and the investment decisions contributing to this as involving consideration of:

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

Corporate Governance

Suncorp supports the view that good Corporate Governance is fundamental to aligning strategic decision-making with the best interests of all key stakeholders. Suncorp deems the most effective way to align the interest of Suncorp, our appointed external investment managers, and the companies in which our external investment managers invest on our behalf (**investee companies**) is through robust investment governance inclusive of Responsible Investment principles. Suncorp believes that good governance practice involves a high degree of transparency and disclosure, to a level that is both practical and commercially prudent. This is true of our own operations, those of our external investment managers and those of the companies in which we invest.

Climate Change

Climate change is a material issue for Suncorp and its stakeholders. We are committed to playing our part in limiting climate change in line with the Paris Agreement (2015) and also to achieving a net zero emissions economy. In doing so, we acknowledge findings of the Intergovernmental Panel on Climate Change (IPCC) that the earth's mean temperature increases need to be limited to well below 2 degrees celsius, the achievement of which necessitates a significant reduction in greenhouse gas emissions.

Suncorp is committed to a target for the emissions intensity (investee companies' Scope 1 & 2 emissions) of its listed equities and corporate bonds portfolios to be at least 60% lower at the end of FY30, compared to the emissions intensity of the base year (FY20).

Human Capital and Diversity

A diverse, inclusive and effective workforce is a key part of a successful business, as is a commitment to achieving high standards of workplace safety and wellbeing for all employees. Suncorp realises that a diverse range of views and an inclusive culture leads to better decision making and better outcomes for all our stakeholders. We aim to create a safe working environment and fair and favourable conditions for all our employees.

Suncorp expects our external investment managers and investee companies to be committed to these aims, as evidenced by policies and practices and leadership of the board and senior management. We seek to engage with our managers to achieve commitment with these objectives.

Human Rights

Human rights are universal and fundamental rights that preserve the inherent freedom, dignity and equality of all human beings. Suncorp seeks to conduct its business in a way that respects human rights and prevents harm, complying with applicable legal and regulatory requirements related to the protection of human rights. We will seek to work with businesses who share our commitment to human rights.

Suncorp respects internationally recognised human rights standards as set out in the International Bill of Human Rights and the International Labour Organisation's (ILO) Declaration on the Fundamental Principles and Rights at Work, and we expect our external investment managers to uphold these standards.

Suncorp publishes an annual statement, in line with the requirements of the Modern Slavery Act 2018 (Cth), which includes risks and actions in relation to Suncorp's investment portfolio. Suncorp requires external investment managers to adhere to due diligence requirements which are outlined in Investment Management Agreements.

More broadly, we seek to incorporate the requirement for our external investment managers to consider human rights risks across the operations and supply chains of their own business as well as that of the investee companies in the portfolios they manage. Suncorp seeks to avoid modern slavery related risks through a process of engaging with our external investment managers to identify companies with potentially high risk and inadequate management response to addressing these risks.

Social and Community Impact

Suncorp is committed to making a positive impact on the community and society in which we operate. Our investment in both listed and unlisted assets seeks to achieve this positive impact through targeting specific environmental and social outcomes identified by [our commitment to the UN SDG's](#). Specific areas of interest are:

- Low Carbon Investments through unlisted infrastructure and property as well as Green Bonds
- Social Impact investments related to disability housing and assistance.

Policy Statements

1. Suncorp incorporates ESG considerations into its investment and risk management processes and completes an annual review of the ESG risk within investment portfolios.

The investment assessment of individual securities or assets as investment opportunities is the responsibility of external investment managers appointed by Suncorp. Hence the assessment of ESG risk factors at the individual security level is the responsibility of the appointed external investment managers. Suncorp incorporates the extent to which managers integrate ESG considerations into their investment and risk management processes in its manager selection and monitoring process.

Suncorp will periodically consider the ESG risk of portfolios, in order to identify exposure of the portfolios to ESG risk factors. This will include:

- Review of equity and corporate debt portfolio including but not limited to measurement of portfolio carbon intensity using data provided by a recognised ESG research organisation
- Specific consideration of reputation risks relating to human rights and human capital issues
-

Suncorp works with its external investment managers to ensure that there is appropriate consideration of a range of climate related factors which are consistent with the Paris Agreement (2015) and subsequent agreements and achieving Net Zero emissions by 2050. Suncorp is committed to working with external investment managers on emission reduction targets at a portfolio level. This includes consideration of carbon emission costs, carbon emission reduction commitments and transition strategies for investee companies and entities consistent with these objectives. Suncorp incorporates ESG considerations into its external investment manager research, selection, appointment and monitoring processes.

As the direct security selection and asset class portfolio management functions are outsourced to external investment managers, manager selection and monitoring processes are integral to the achievement of investment goals and objectives.

All asset classes have a manager selection process that involves the following:

- Requesting and reviewing candidate managers' ESG policies
- Incorporating ESG questions in Suncorp's Investment Due Diligence Questionnaires
- Incorporating ESG questions in Suncorp's Operational Due Diligence Questionnaires, focussing on
 - Corporate ESG (the extent to which the external investment managers apply its ESG framework to its own business); and
 - Responsible Investments (the extent to which the external investment managers operationalises its ESG framework in assessing portfolio companies).
- Factoring ESG considerations into the manager evaluation (scorecard) process and the appointment decision.

IMAs executed with external investment managers have ESG requirements which reflect this Policy and which we consider are appropriate to the asset class, portfolio, and style of management.

In some circumstances, due to the size and complexity of our investment arrangements, some investment strategies are accessed through collective vehicles where we have limited ownership and/or influence. Our aim in those instances is to apply the principles outlined in this policy in the assessment and selection of collective vehicles, to the maximum extent practicable.

Where deemed necessary or appropriate, IMA's or side-letter agreements will incorporate [Suncorp's Supplier Code of Practice](#) by reference. This expects managers to:

- Comply with Suncorp's Code of Conduct
- Be aware of Suncorp's Whistleblower Policy
- Comply with human rights and fair employment practices in accordance with the United Nations Guiding Principles on Business and Human Rights.
- Comply with Modern Slavery legislation by identifying and managing human rights risks in their own operations and supply chain.

2. Suncorp votes all proxies and engages with companies in a manner consistent with its Corporate Sustainability Principles.

Suncorp seeks to vote proxies in investee companies to promote good ESG practices. Specifically, our voting Policy is intended to reflect the aims of:

- Good governance through independent board leadership, disclosure and transparency in remuneration practices and consideration of the best interests of shareholders
- Effective management of climate and environmental risks; and
- Clear policy objectives and strategies to address diversity, human capital and human rights issues.

Suncorp engages a proxy adviser to vote proxies in listed companies, with the following considerations:

- Votes are to be cast in a manner consistent with our duties and responsibilities to customers and shareholders.
- Votes are to be cast in a manner consistent with long-term value creation
- Suncorp should abstain from voting in instances where there is a conflict of interest or specific direction from regulators; and

Suncorp votes proxies in line with our voting principles and policy and considering the advice of our independent proxy advisor. Suncorp is committed to a target for the emissions intensity (investees' Scope 1 & 2 emissions) of its listed equities and corporate bonds portfolio (sub portfolio) to be at least 60% lower at the end of FY30, compared to the emissions intensity of the sub portfolio in FY20

Suncorp's Proxy Voting Principles are reviewed periodically or when necessary as determined by the Suncorp Responsible Investment Committee. Changes to the Proxy Voting Principles will be endorsed by the Responsible Investment Committee and approved by the Executive Leadership Team [ELT]. Detailed proxy voting standing instructions to the Proxy Advisor are approved by the Responsible Investment Committee to ensure alignment with Suncorp's Proxy Voting Principles. A summary of proxy votes exercised is made publicly available annually.

Suncorp recognises its role as a steward and its responsibility to build sustainable investment portfolios and actively contribute to the betterment of investee companies. Suncorp seeks similar stewardship qualities in our external investment managers which are consistent with our approach to sustainability and this Responsible Investment Policy.

Suncorp believes active engagement with investee companies will lead to a better understanding of how those companies intend to fulfil their obligations as responsible corporations. Similarly, active engagement will make investee companies aware of Suncorp's expectations as a shareholder. Suncorp seek to engage through our external investment managers on those matters they believes have material impact on the long-term sustainable value of our investee companies and on ESG practices that should be examined. The intent of this dialogue is not to make Suncorp aware of inside information. In order to increase the effectiveness of engagement, where possible, Suncorp will work collaboratively with other investors. Areas of engagement will include modern slavery, human rights and climate change transition

3. Suncorp will seek to exclude companies from its externally managed directly held investable universe in the following circumstances:

- if the investment would lead to contravention of international treaties or conventions to which Australia is a signatory including but not limited to the United Nations Convention on Landmines, the United Nations Convention on Cluster Munitions and ongoing and systemic non-compliance with the United Nations International Bill of Human Rights
- if the investment is or would be in breach of economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the Australian Government, including those administered by the Australian Department of Foreign Affairs and Trade, (b) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State or the Bureau of Industry and Security of the U.S. Department of Commerce or any other agency of the U.S. government, (c) the United Nations Security Council, (d) the European Union or any of its Member States, (e) His Majesty's Treasury of the United Kingdom, (f) the Swiss Federal Secretariat For Economic Affairs, or (g) any other relevant sanctions authority.
- where the product produced by the investee companies is a weapon in direct contravention of the United Nations Convention on the Prohibition of Use of Certain Conventional Weapons (CCWC) with specific reference to Protocol III of that Convention
- if the Responsible Investment Committee considers an investment is inappropriate to the extent it may have a negative impact on Suncorp's reputation
- where the product produced by the investee companies is detrimental to human health with no safe level of human use;
- where exclusion is the only means to mitigate a systemic risk in the portfolio
- where exclusion is required by the [Suncorp Sensitive Sector Standards: and](#)
- where engagement and proxy voting have proven ineffective.

4. Suncorp will seek opportunities to engage in impact investing, subject to appropriate consideration of the expected risk, return and capital efficiency of the proposed investment.

Suncorp seeks opportunities to engage in impact investing relevant to its investment portfolios where:

- there is a measurable social or environmental return with an expectation of also achieving a financial return on capital
- there is a bias to initiatives designed to improve the resilience of communities
- there is a bias to initiatives designed to improve the economic participation of individuals
- there is a bias to initiatives that allow Suncorp to contribute to capability building with its investment partners, and
- there is a bias to initiatives that allow Suncorp's investment to act as a catalyst to investment by other funders.

5. Suncorp will aim to be transparent in its Responsible Investment activities and make appropriate disclosures to the public on those activities.

Suncorp aims to provide appropriate transparency to stakeholders on material Corporate Sustainability topics including Responsible Investment activities. As such Suncorp will make publicly available:

- a copy of this Policy;
- any relevant objectives and targets related to responsible investment management;
- an annual summary of the proportion of total assets under management covered by this Policy;
- an annual summary of major environmental, related metrics for assets under management including but not limited to carbon intensity for equity and corporate bond portfolios; and
- an annual summary of proxy voting activity.