

RESPONSIBLE INVESTMENT POLICY

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.

Responsible Investment Beliefs

This Policy is guided by our [Corporate Sustainability Principles](#), which are consistent with Suncorp's responsibilities to customers and investors and reflect [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 investment processes 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 our investee companies is through robust investment governance inclusive of Responsible Investment principles. Suncorp believes governance best practice involves a high degree of transparency and disclosure, to a level that is practical and commercially prudent in both our own investments and processes as well as those of the companies in which we invest in.

Climate Change

Climate change is a material issue for Suncorp and its stakeholders. We are committed to playing our part in limiting climate change to be 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, necessitating a significant reduction in greenhouse gas emissions to achieve this. Suncorp concurs with the view that the excess of fossil fuel reserves relative to consumption suggested by achieving global climate targets will result in stranded asset related investment risks and recognizes that a strategy of managing and limiting exposure to these risks is necessary.

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. The wellbeing and resilience of people and communities is a key aim of our approach to sustainability and human rights.

Suncorp's approach to incorporating Human Rights criteria in its investment decisions is guided by the International standards on Human Rights. In particular, Suncorp acknowledges the United Nations Guiding Principles on Business and Human Rights, inclusive of the International Bill of Human Rights and other global standards, conventions and standards established by the Organisation for Economic Development (OECD) and the International Labour Organisation (ILO).

Suncorp addresses the requirements of the Modern Slavery Act 2018 (Cth) for our investment portfolios through provisions in agreements with our external investment managers. More broadly, we seek to incorporate the requirement for our investment managers to consider human rights risks across operations and supply chains of their business. Suncorp seeks to avoid these modern slavery related human rights risks through a process of engaging with our external investment managers to identify companies with potentially high exposure 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 examples are:

- Low Carbon Investments through unlisted infrastructure and property as well as Green Bonds
- Social Impact investments related to disability housing and assistance and jobs programmes for youths at risk

Application

This Policy applies to Suncorp Group Limited (**SGL**), AAI Limited (**AAIL**), Suncorp Funds Pty Ltd (**SFPL**), Asteron Life Limited (NZ), 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 Suncorp-Metway Limited, AA Insurance Limited (NZ), or NTI Limited.

This Policy applies to Investment Managers engaged by SCS in its capacity as external 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.

Policy statements

– **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 managers appointed by Suncorp. Hence the assessment of ESG risk factors at the individual security level is the responsibility of the appointed external 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
- Specific consideration of climate change transition risk where appropriate through assessment of exposure to fossil fuels and strategies in place to invest in new technologies and activities aimed at reducing this exposure
- Consideration of climate change physical risks to assets (property and infrastructure) through assessment of the impact of extremeweather events and other relevant factors, which will be periodically undertaken in line with Suncorp's published Climate Change Action Plan

Regarding climate change, Suncorp works with its external 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. This includes consideration of carbon emission costs, carbon emission reduction commitments and transition strategies for investee companies and entities consistent with these objectives, Carbon costs to be considered include a shadow carbon price or tax and other relevant financial and climate factors that will allow an assessment of the investment return and risk implications at the security and portfolio level.

- **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. However, it is recognised the importance of ESG integration can vary by asset class and style of investment management.

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
- Factoring ESG considerations into the manager evaluation (scorecard) process and the appointment decision.

Suncorp expects all asset managers to govern and conduct their own businesses in a manner consistent with Suncorp's Corporate Sustainability Principles and this Responsible Investment Policy. An assessment of the environmental, social and governance performance of the external investment manager will form a component of Suncorp's decision to appoint and retain managers.

IMAs executed with successful candidate managers will have ESG requirements which reflect this Policy and which we consider are appropriate to the asset class, portfolio, and style of management. Under these agreements, managers will also be required to incorporate ESG factors and issues into their formal periodic reporting. 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 Whistle-blower 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.

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.

- **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
- Clear policy objectives and strategies to address diversity, human capital and human rights issues.

Regarding holdings in listed companies, Suncorp engages a proxy adviser to vote proxies in a manner consistent with Suncorp's Corporate Sustainability Principles 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 and Suncorp's Corporate Sustainability Principles, in particular the principle of Sustainable Growth.
- Suncorp should abstain from voting in instances where there is a conflict of interest or specific direction from regulators.
- In general, it is Suncorp's preference to vote in a manner consistent with investee board or management recommendations, unless this will result in a significant inconsistency with Suncorp voting principles and policy and is against the advice of our independent proxy advisor without a clear reason to do so.

Suncorp's Proxy Voting Principles will be reviewed periodically or 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 Suncorp Group Sustainability and Diversity Committee. Detailed proxy voting standing instructions to the Proxy Advisor will be approved by the Responsible Investment Committee to ensure alignment with Suncorp's Proxy Voting Principles. A summary of proxy votes exercised will be made publicly available annually.

Suncorp believes active engagement with a company will lead to a better understanding of how that company intends to fulfil its obligations as a responsible corporation. Similarly, active engagement will make investee companies aware of Suncorp's expectations as a shareholder. Regarding ESG issues, Suncorp will seek to engage primarily through our investment managers on those matters it believes have material impact on 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.

- **Suncorp will seek to exclude companies from its externally managed directly held investable universe where the activities of that company are deemed to be inconsistent with Suncorp's Corporate Sustainability Principles.**

There are some circumstances under which Suncorp will exclude a sector or a specific stock from its investable universe. Those circumstances include:

- 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
- where the product produced by the investee 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 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](#)
 - where engagement and proxy voting have proven ineffective.
- **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.
- **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, social and governance 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.