



The letters 'IOOF' are rendered in a large, white, outlined font across the middle of the page. They are superimposed over a scenic photograph of a coastline. The photo shows a blue ocean with white waves breaking on a sandy beach. In the foreground, there are green coastal plants. The sky is blue with light, wispy clouds. The overall scene is bright and clear, suggesting a sunny day.

ESG Risk Management Policy

OnePath Custodians Pty Limited

April 2020

Table of Contents

1.	Introduction	3
	1.1 Purpose	3
	1.2 Application	3
2.	ESG Approach	3
3.	Where to Get Help	3
4.	ESG Risk Management Policy	4
5.	Document Information and Review	6

1. Introduction

1.1 Purpose

The registrable superannuation entity (RSE), OnePath Custodians Pty Ltd, has developed and implemented an 'Environmental, Social and Governance Policy' (**ESG**) and the purpose of this document is to disclose that policy to RSE members.

1.2 Application

This document constitutes the Environmental, Social and Governance Risk Management Policy for the Trustee (OPC) and only addresses the ESG approach as it applies to ANZ's 'MySuper' product - ANZ Smart Choice, and the Lifestage investment options in which MySuper members are invested.

2. ESG Approach

Within OnePath, the Office of the CIO manages all investment portfolios and funds, including the selection and oversight of external investment managers. ANZ Smart Choice is issued by OnePath Custodians Pty Ltd as a default superannuation product under the 'MySuper' regime.

OnePath Funds Management Limited (OPFM) is the Responsible Entity of the investment funds into which the ANZ Smart Choice Lifestage fund monies are invested. OPFM engages external fund managers through investment mandates to provide investment services in relation to the investment funds that ANZ Smart Choice invests into. These investments are applied to passively managed index pools across a broad range of defensive and growth asset sectors.

Given the Smart Choice investment pools are managed by replicating index benchmarks, ESG factors are not actively considered in terms of security selection. However, please refer to OnePath's Responsible Investment Position Statement for further information on how the various OnePath entities incorporate ESG risks and opportunities in the portfolios managed on behalf of our customers.

3. Where to Get Help

For more information or assistance with this document contact:

- Head of Portfolio Management (Document Custodian)
- Chief Investment Officer

4. ESG Risk Management Policy

Question	Our response in formulating and implementing our ESG policy
<p>1. How will the fund incorporate a consideration of ESG in the investment decisions that it makes?</p>	<p>Assets of the MySuper portfolios are implemented by replicating the underlying index benchmarks.</p> <p>Index or passive managers are essentially long-term, and in some circumstance, near permanent investors given they are required to replicate an index. Unlike active equity managers, passive managers are generally unable to take direct action and sell out of companies that demonstrate poor ESG characteristics. Therefore, active management of environmental and social factors is not a feature of these investment options.</p> <p>However, governance issues are considered with company engagement and exercising ownership rights (proxy voting), the primary mechanism for effecting responsible investment. These are important activities that should be used to effect positive change. The Trustee, via the Responsible Entity of underlying schemes, evaluates the ESG capabilities of passive or index managers by:</p> <ul style="list-style-type: none"> • assessing and monitoring the extent of active ownership in the form of company engagement and demonstration of investment stewardship; and • engaging and actively encouraging managers to enhance their proxy voting practices.
<p>2. How will the fund monitor the ESG exposure across its portfolio of investments?</p>	<p>MySuper portfolios are passively implemented and the ESG exposures are the same as the underlying benchmark indices.</p>
<p>3. How will the fund act on ESG risks?</p>	<p>Although MySuper monies are invested passively, the Trustee, via the Responsible Entity of underlying schemes, requires external investment managers to exercise all voting rights in the best interest of its members.</p> <p>However, there are some circumstances where it is either not possible or not in the best interest of the unit holder to vote. In these circumstances, the Trustee requires managers to retain and provide on request, information relating to why a resolution was either "Not Voted" or " Abstained".</p> <p>The Trustee has also reserved the right to provide specific direction on how a manager should vote on</p>

	<p>particular matters of interest to OnePath corporate entities.</p> <p>Further, the Trustee, via the Responsible Entity of underlying schemes, engages and actively encourages external investment managers to enhance their proxy voting practices.</p>
<p>4. How will the fund report to its members on the actions it has taken in relation to an ESG issue?</p>	<p>The Trustee does not currently report ESG actions to ANZ Smart Choice members as MySuper assets are invested in index pools that are managed by replicating the index benchmarks.</p> <p>However, governance issues are considered with company engagement and exercising ownership rights (proxy voting) and the Responsible Entity publishes a register of proxy votes on its website on an annual basis.</p>

5. Document Information and Review

Title	ESG Risk Management Policy
Version number	1.07
Document owner	Chief Investment Officer
Document custodian	Head of Portfolio Management
Endorsement	Wealth Investment Governance Forum
Approval body	OnePath Custodian Pty Limited
Hierarchy level	Level 3 – Entity Specific
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Next review	March 2021 (reviewed Annually)

Document history

Version (Date)	Description
V1_220414	Creation of document. Endorsed by the WIGF 23/05/2014. Approved by OnePath Custodian Pty Limited Board 19/06/2014.
V1.1	No changes. Approved by OPC Board 18/06/2015.
V1.2	Annual review with negligible changes. Approved under Policy Governance Requirements delegation 21/06/2016.
V1.3 September 2017	Reviewed and replaces V1.2 – updated per paper to WIGF 28/09/2017.
V1.4 February 2018	Reviewed and replaces V1.3 – updated per submission to WIGF 22/02/2018.
V1.5 February 2019	Reviewed and replaces V1.4 – updated per submission to WIGF 28/02/2019.
V1.6 December 2019	Removed all references to ANZ Wealth and Australia Wealth and replaced with OnePath, Removed references to FSC Standard.
V1.7 April 2020	Reviewed and replaces V1.6. Updated to IOOF template. Endorsed by WIGF on 30 April 2020 and approved by June 2020 OPC Board.