

# FSC Standard No.23 – Principles of Internal Governance and Asset Stewardship

## Section One: Organisational & Investment Approach

### 1. **Achieving our customer objectives**

Australian Unity Ltd (Australian Unity) has a key strategy to build an industry leading, commercially sustainable portfolio of businesses that foster customer wellbeing.

For over 20 years we've provided opportunities for Australians to enhance their financial wellbeing with the business units that now comprise Australian Unity's Wealth & Capital Markets platform, offering a comprehensive range of financial products and services.

Australian Unity, through its wholly owned subsidiaries of Australian Unity Funds Management Ltd (AUFM), Australian Unity Property Ltd (AUPL) and Australian Unity Investment Real Estate Ltd (AUIREL), acts as the Responsible Entity and Asset Manager to cover a range of funds and registered and unregistered schemes that are available to retail and wholesale investors across asset classes. These asset classes include:

- Australian and international equities
- Fixed interest and cash
- Mortgages
- Diversified assets
- Property; and
- Bonds.

Our Asset Managers have dedicated teams that specialise in the analysis and management of these assets and have robust investment selection processes that employ fundamental, quantitative, risk, environment, social and governance analysis. This is demonstrated in the consistent returns achieved over many years for our customers.

AUFM also has joint venture arrangements with specialist Asset Managers who are appointed on an arm's length basis. An appointment is only undertaken following a comprehensive and ongoing due diligence process. Currently, our appointed Asset Managers are Platypus Asset Management Pty Ltd (Platypus), Acorn Capital Ltd (Acorn), and Renaissance Property Securities Ltd, for managing some of our property funds. These Asset Managers have specific experience and risk controls and processes that also incorporate the consideration of environmental, social and governance factors in the allocation of capital through their respective security selection processes.

These factors ensure Australian Unity can provide funds that can help investors achieve their objectives.

We believe that taking a proactive approach to assessing securities and constructing portfolios incorporating environmental, social and governance factor considerations fosters sound, informed and fundamental investment

decisions. This, in turn, supports investors to achieve the goals of:

- Growing their investment
- Boosting their income
- Investing tax effectively; and
- Diversifying their portfolio.

Our long history of success in funds management comes from our deep domain knowledge of research and analysis, our culture of excellence and our human understanding of markets.

To view the full list of Funds available please visit our website at:  
<https://www.australianunity.com.au/wealth>

## **2. Our duty to our customers**

Australian Unity's shared values, ethical culture, code of conduct and resulting policies apply to all employees, Directors and Asset Managers. This underpins all that we do, including interactions with our customers.

Our responsibility and duty to our investors precludes us from engaging in speculative investments. Our investment processes focus our efforts to identify and assume appropriately rewarded risks when deploying client capital. Some of our funds may, at times, use derivatives for risk management purposes only.

AUFM and our appointed Asset Managers ensure that investors and their advisers have the necessary information to make informed decisions about different strategies and funds. Each fund offered to external customers or investors is done so under a disclosure document which provides a profile and details about what the fund is and its strategy and features. This includes how investments are chosen, the selection and screening processes and the applicable risk management regimes, that typically includes operational, regulatory, environmental, social and governance factors.

This ensures that only assets and securities appropriate to achieving the objectives of the respective fund are considered for inclusion.

Other information, such as investor updates, additional information, announcements and historical and current fund performance, are provided regularly on our website. Information is reviewed by our Responsible Entities for performance, compliance and reporting purposes.

Information about each fund is available on the Australian Unity website:  
<https://www.australianunity.com.au/wealth>.

## **3. Ownership and Governance**

Australian Unity is a mutual public company with a number of wholly owned subsidiaries carrying out the major operational activities of the Australian Unity Group. Good corporate governance and sound risk management practices are a fundamental part of our culture. As a mutual, the company is owned by its members, who are generally its customers or investors. This means profits are put back into the company to benefit members, our customers and the community.

AUFM and AUPL are 100% owned by the Australian Unity Group. AUFM also has joint ownership arrangements with Asset Managers such as Platypus and Acorn. All registered and unregistered funds are governed by the respective Responsible Entity or Trustee, with external Asset Managers and AUFM providing asset management capabilities.

Each fund is governed by its own constitution, which sets out the governance, protocols and processes to support investors. All Asset Managers are appointed under Investment Management Agreements. These Agreements set out key matters including their duties, calculation of fees and the guidelines to

be followed when investing and managing the portfolio, as well as specific reports and their frequency that are required to be provided for compliance purposes.

Governance, risk and compliance issues are monitored by compliance and risk personnel, and escalated and reported to the Chief Investment Officer and Chief Executive Officer of Wealth & Capital Markets, Chief Risk Officer and the applicable board delegated Committee (where required), such as the Audit Committee.

Australian Unity's Wealth & Capital Markets platform provides legal, risk, compliance and governance functions that support each fund and Asset Manager, with oversight provided by a central governance team. Australian Unity's risk and compliance frameworks set the key requirements in accordance with the relevant International and Australian Standards of risk and compliance as the framework that the business operates within, to ensure our obligations are met. We have compliance related training and compliance databases to assist us.

Investment performance and benchmarks are some of the matters overseen by the Australian Unity Investment Committee, as well as Investment Policy Statements and monitoring derivative and debt exposures.

Australian Unity also has a Wealth & Capital Markets Compliance Committee, with a majority of external members that oversee regulatory & statutory obligations for registered schemes (including compliance plans and Responsible Entity compliance).

As part of the three lines of defence model, internal and external audits are also conducted and reported to the Australian Unity Board Audit Committee and Compliance Committee, which has responsibilities regarding the integrity of the Group's financial accounts and statements, controls, policies and procedures. This ensures effective corporate governance by active and collaborative participation with external auditors, internal auditors, and other assurance providers.

Key company charters relating to such committees can be found on our website at: [www.australianunity.com.au](http://www.australianunity.com.au) - under Board, Policies and Charters.

#### **4. Management**

AUFM is part of the Wealth & Capital Markets platform which comprises Australian Unity's financial services and investment activities, spanning investment management, advice, trustee services, life and superannuation, as well as the Group's property, development and capital management activities.

AUFM, AUPL and our Asset Managers have appropriately skilled and qualified investment personnel, such as the Chief Investment Officer and staff, to ensure that the funds are invested appropriately and achieve their goals and objectives.

The Senior Investment Personnel, such as the Chief Investment Officer, has several years of experience with appropriate qualifications and track records in achieving the objectives of the Funds.

Our Wealth & Capital Markets executive leadership team has specific expertise and experience relevant to the company's activities and a commitment to both the values of the company and the highest standards of corporate governance.

All aspects of investment, compliance and adherence to regulatory obligations are undertaken. AUFM is part of our Wealth and Capital Markets platform with the CEO and Chief Investment Officer providing leadership capabilities.

Further information on the team is available here:

<https://www.australianunity.com.au/wealth/leadership>

**5. Investment strategy assurance**

Regular Fund investment reports are provided by the Asset Managers and the schemes to the Responsible Entity of the Fund to ensure the Fund strategy is in accordance with the Investment Policy Statements and disclosure documentation.

Investment strategy assurance is overseen by the Australian Unity Investment Committee and AUFM. The Australian Unity Investment Committee has specific responsibilities such as:

- Overseeing investment performances and benchmarks and comparisons to similar funds in the market place
- Investment Policy Statements for investment management purposes
- Approving policies, strategies and guidelines; and
- Monitoring derivative and debt exposure.

The Wealth & Capital Markets Compliance Committee oversees regulatory & statutory obligations for schemes, compliance plans and Responsible Entity compliance.

Any issues or suspected breaches in regards to meeting Investment Strategies are escalated by AUFM or the external Asset Managers to the Platform Compliance Manager, who will then report to the relevant Head of Risk and Compliance.

Key risk or significant matters are, in the first instance, escalated to the CEO Wealth & Capital Markets and the General Manager Business Services, Product and Legal. All issues and breaches are managed in accordance with the Australian Unity's Breach and Issues Management Policy.

Matters in relation to the investments held by our listed property fund is overseen by Australian Unity Investment Real Estate Ltd as the Responsible entity.

Assurances are provided in the form of internal or external audits, internal compliance checks and regular attestations via a recognised compliance software system. Audit outcomes are reported to the Audit Committee, with Risk and Compliance reporting on any assurance checks undertaken.

Any conflicts are reported in accordance with the Australian Unity Conflicts of Interest & Related Party Transactions Policy.

See also Internal Governance item No. 3 – Managing conflict of interest.

## **Section Two: Internal Governance**

**1. Ethical conduct and professional practice**

All Australian Unity employees are bound by Australian Unity ethical framework and our values of being bold, warm and honest. At Australian Unity we believe that the positive culture of our organisation is the key to our capability to deliver products and services that provide community value and help people thrive.

Our Responsible Entity Code of Conduct (Code) links Australian Unity's values of being bold, warm and honest to expected standards of behaviour and conduct. These standards are an important part of our culture and support our values of being bold, warm and honest.

Conflicts of interest, confidentiality, privacy, insider trading and personal and commercial integrity are key elements of the Code, as it is expected that all staff act ethically, with integrity, honesty and professionalism. Any breaches to the Code are taken seriously with potential disciplinary action. In serious

cases this may include termination of employment.

Any employees, Asset Managers or contractors who breach this Code may have their contracts immediately terminated or not renewed.

## **2. Australian Unity's strategy on personal trading**

Australian Unity has a Securities Trading Policy that all Australian Unity employees, contractors, Asset Managers, joint venture partners and subsidiaries must abide by. The policy objectives are to ensure that:

- the interests of investors in our Funds, products and direct securities, take priority over those of Australian Unity and its employees
- there is an avoidance of conflicts of interest with our Fund investors and clients
- there is an avoidance of insider trading, as prohibited by the Corporations Act 2001 (Cth)
- protection of the reputation of Australian Unity, its directors and employees are maintained; and
- there is support for the avoidance of insider trading and conflicts of interest.

Employees, contractors, joint venture partners etc. who wish to trade or potentially wish to trade (on their own behalf), may be required to:

- seek and obtain approval before undertaking a Transaction relating to financial products, Funds or direct securities
- be restricted from undertaking certain investment transactions, in the case of an employees; and
- be reprimanded for non-adherence to the policy, including termination of employment, in addition to any legal or regulatory consequences that may apply in the case of employees.

Depending on the classification of the employee or contractor, approval must be sought by the CEO Wealth & Capital Markets or the General Manager Business Services, Product & Legal.

## **3. Managing conflict of interest**

Policy and guidelines are in place to manage the risk of any actual or perceived conflict of interest. The Management of Conflicts of Interest and Related Party Transactions policy is applicable to all employees, subsidiaries and joint ventures and addresses the quality and integrity of:

- decision making at Australian Unity; and
- services provided by Australian Unity to its investors and members.

This policy assists in reducing the risk of conflicts between Directors, employees, third parties, Asset Managers and entities within Australian Unity. This policy abides by the Corporations Act requirement that standard principles are applied to any related party transactions.

If a conflict of interest occurs, it is reported, considered and appropriate mitigation strategies are implemented. If this happens, Asset Managers are aware that no trading or investments can occur until the Conflict of Interest committee review has been undertaken.

Giving and receiving gifts or entertainment can also be regarded as a potential conflict of interest. A specific company policy for gifting has been developed where gifts over a certain amount will only be accepted after management approval and is required to be registered on the Group's Gift Register.

We are allowed to give a financial benefit to a related party if that financial benefit is given on specific terms of being reasonable in the circumstances and the related party is dealing at an arms-length. If such conditions are not

met, member approval of the transaction is required. The CEO Wealth & Capital Markets provides specific sign-off for related party arrangements.

#### **4. Risk management and compliance**

Australian Unity is committed to the identification, management and, where relevant, quantification of risk throughout its business units and controlled entities. Risk culture, and the implementation and adherence to sound risk management frameworks and practices, is a core area of focus for the company's board and management.

The board has established a comprehensive enterprise risk management (ERM) policy and framework covering significant business risks and strategy considerations, and adopted a risk appetite statement. The ERM framework is in compliance with the ISO standard on Risk Management (AS/NZSD ISO 31000:2018). A complete compliance framework exists that is in accordance with the AS/ISO 19600:2015.

These frameworks provide governance and structures of risk and compliance management and also the reporting of any issues to senior management.

Overall the 'three lines of defence model' exists to ensure appropriate reporting and stewardship, regardless of the division or Asset Manager appointed. This includes:

- Functions that own and manage risks – business management
- Functions that oversees risks – risk and compliance management; and
- Functions that provide independent assurance – Internal Audit.

In addition to internal audit, external auditors are engaged to provide independent assurance services in line with legislative requirements.

External Asset Managers are required to report matters as required and use the full resources of AUFM.

Specific Risk Assessments are used by the Asset Managers that cater for assessing risks in a number of areas and dimensions, such as operational, regulatory and governance. General risk management is embedded within the Asset Managers stock selection process, such as the use of a top-down macroeconomic analysis, fundamental research, use of derivatives to manage interest rate risk where borrowing is involved, but are generally not used for gearing or speculative purposes.

Business related proposals to be considered by the board require proposing officers to be individually accountable for the identification, measurement and mitigation of all risks involved. Risk registers form part of the project management framework. There are also a number of programs in place to manage risk in specific areas, such as capital management, business continuity, information security and emerging regulation. The potentially adverse financial impacts associated with risk exposures with regard to certain aspects of the company's activities, including the appointment of Asset Managers, are also considered as part of appropriate insurance cover.

#### **5. Detecting errors**

Australian Unity manages any issues or breaches in an open and transparent manner. All breaches and issues are managed in a consistent, robust and timely basis from the point of identification through to resolution, which also includes the correction of any errors.

All employees are responsible for minimising risks and the potential for errors. This is done by ensuring that errors are identified then resolved or escalated, reported as required and corrected quickly.

Compliance measures, attestations and regular reports and assurance and audit checks are undertaken to ensure that errors are detected.

All errors and breaches are dealt with on a 'no blame' approach and appropriate remedial actions are undertaken after the error is reviewed and considered by Risk & Compliance and the CEO Wealth & Capital Markets or through the Australian Unity Breach Committee. Most errors will usually result in the strengthening of internal controls and relevant staff training. Remediation of errors are to ensure that clients are not disadvantaged and placed in a position had the error not occurred. Timely disclosure to clients, investors and regulators may also be appropriate.

## **6. Brokerage & commissions**

Australian Unity has a Broker Selection policy that governs the selection of brokers for the purpose of executing trades on behalf of various investment strategies, clients and group assets.

Brokers are chosen based on their skill set and areas of expertise as Australian Unity takes into account a range of factors when selecting brokers for their panel list. These include: broker selected must be a participant of the Australian Clearing House (ACH) or use a third party clearer who is a participant of ACH, breadth and depth of research and support with corporate actions, access to Initial Public Offerings, capital raisings, quality of execution and brokerage costs. Australian Unity constantly looks for ways to improve overall client experience without compromising quality

All Fund Product Disclosure Statements and updates or announcements clearly articulate all brokerage and commissions paid, including examples to help clients understand fees payable. We also rebate, from time to time, some of our fees or issue units in the funds, generally reserved for wholesale or sophisticated investors. All fees and costs are clearly stated in client statements and client periodic statements.

There are no commissions or soft-dollar arrangements in place with the Asset Managers and brokers. Some of the panel brokers may, however, provide free research reports to us but are not under an obligation to do so.

## **7. Equitable asset valuation and pricing**

All unitised funds under the management of Wealth & Capital Markets platform are subject to the Australian Unity Wealth Unity Pricing policy.

This policy governs the documented procedures for unit pricing practices and satisfies relevant regulatory obligations and industry standards, including ASIC/APRA Regulatory Guide 94: Unit pricing: Guide to good practice (RG 94) and relevant FSC Standards and Guidance Notes.

Wealth & Capital Markets has an approved process in place for the execution of unit pricing in accordance with this policy and the General Manager Operations & Enterprise Services has ultimate ownership of this policy.

The General Manager Operations & Enterprise Services or their authorised delegate may apply discretion to deviate from the policy in exceptional circumstances where the standard processes are not in the best interest of Investors. When exercising discretion from this policy the authorised delegate will:

- a) act reasonably
- b) act in the best interests of Investors of the relevant Fund
- c) treat Investors in the same class in the same Fund equally
- d) comply with any applicable legal requirements; and
- e) apply generally accepted accounting principles and standards.

The constitution of each Fund sets out the formula for calculating the unit price and its frequency. Net Asset Valuation (NAV) - the formula or method

in the Funds' constitutions used to calculate the unit price is generally based on the value of Fund assets less any liabilities (Net Asset Value) divided by the number of units/interests on issue and may make allowances for expenses allowed for in the constitution or disclosure document that are associated with acquiring and disposing of Fund investments or in managing the Fund.

All other calculations for unitised products are currently carried out by an external service provider. These services are conducted in line with contractual arrangements and the external service provider's policies. The unit prices calculated by the external service provider are verified by Wealth & Capital Markets Investment Accounting prior to release.

Investors, and other counterparties, should be able to understand how Wealth & Capital Markets values assets including direct property assets as:

- accounting standards require the "fair value" of financial assets and financial liabilities to be estimated for recognition and measurement and for disclosure purposes; and
- Investors and other counterparties should be aware of our valuation policy so they can form realistic expectations about the value of the fund's assets, the reliability of the valuations and better understand our valuation practice.

#### **8. Best execution and trade allocation**

The Australian Unity Trade Allocation policy provides procedures to ensure that the amount of securities allocated to each fund or group portfolio is in accordance with their current holding and net asset value of their respective accounts. The trade allocation policy aims to be equitable, consistent and transparent.

When trades are executed on behalf of Australian Unity, a Broker Selection policy is adhered to. This policy sets out the procedures when selecting brokers for the purpose of executing trades on behalf of various investment strategies, investors and group assets. Australian Unity considers a range of factors when selecting brokers, for example, brokerage costs, research and quality. A key outcome of the selection process is to minimise costs without compromising quality. Brokers selected must possess an authorised Australian Financial Services Licence and be approved by a director of the appropriate business unit.

#### **9. Remuneration policy**

The Australian Unity Remuneration policy outlines how employees are remunerated and rewarded for their contribution and achievement in the organisation. This policy applies to all directors, officers, employees and people employed under contract by Australian Unity and its subsidiaries. The policy does not cover employees of joint venture companies or entities which Australian Unity is a shareholder but does not control, nor individuals who are employed by entities that are in a franchised commercial relationship with Australian Unity.

Australian Unity's remuneration framework is overseen by the Human Resources (HR) Committee, which is composed of four non-executive directors with significant experience in remuneration matters and risk management. The HR Committee is responsible for the Group's remuneration policy and structure and making recommendations on director, executive and key risk personnel remuneration arrangements to the boards of the Company and its relevant subsidiaries.

The principal objectives of this policy are:

- To provide competitive rewards to attract, motivate and retain highly skilled employees

- To apply goals and measures of performance to support Australian Unity's strategy; and
- To balance fixed and variable reward to encourage behaviour that supports the long-term strategic development, sustainability and financial soundness of Australian Unity.

The remuneration structure at Australian Unity comprises of both fixed and variable financial components and short and long term incentive schemes, which are all linked to performance. The structure is designed to ensure a balance between individual reward and the sustainability of the company over time.

Australian Unity offers a range of financial and non-financial benefits on top of the fixed and variable reward structures. These include in-house products, salary sacrifice options and activities related to wellbeing and community activity.

All financial and non-financial benefits are structured in accordance with the appropriate legislation, including taxation legislation for the purposes of fringe benefit tax.

#### **10. Whistle blower policy**

Australian Unity Group Whistleblower policy addresses the reporting of improper conduct within Australian Unity and is applicable to all employees. This policy is compliant with Part 9.4AAA of the Corporations Act, Australian Standard AS: 8004–2003 and APRA prudential standards.

This policy covers the process for dealing with reports of suspected improper conduct by or within Australian Unity by employees and Asset Managers.

This policy helps in managing and reducing the risks associated with suspected conduct by or within Australian Unity. It also addresses the protection of individuals making such reports.

All staff, suppliers, contractors and clients are encouraged and have the responsibility to report any known or suspected incidents of improper conduct by making a protected disclosure.

#### **11. Training and development**

Australian Unity has built a framework of learning solutions to meet defined core and differentiated capabilities required for high performance. The framework integrates leadership development and technical development within each of our business units. It also:

- strengthens our ability to target learning and development to support individual and company success; and
- supports employees to continually develop in their roles and build a solid foundation for their future career with us.

It does this through a diverse range of education, experience and exposure opportunities.

Various methods of training are employed to ensure staff, Asset Managers and ASIC Responsible Managers are trained and receive ongoing training to qualify and remain qualified. Internal training systems and external training (as well as with other professional bodies), are maintained and monitored on a monthly basis in accordance with annual training plans.

Our learning and development framework consist of technical skills, capabilities and leadership.

Training and development of employees is monitored and reported by Risk and Compliance on a monthly basis to the CEO of Wealth and Capital Markets.

## **12. Complaints and dispute resolution**

Australian Unity Group policy assists in managing and reducing the risks associated with the complaints management process by ensuring there is a consistent complaints management process across the company. The purpose of this policy is to meet industry and internal standards to prevent the recurrence of the complaint and ultimately improving the client's investor's experience.

Essential to this policy is having an efficient, compliant and responsive process that supports the wellbeing of our investors and business. We recognise the opportunities and value to be gained through the prompt resolution of investor concerns and the provision of analysis and feedback to the business.

Australian Unity has a program to facilitate continuous improvement of the products and services we offer.

- a) We operate in accordance with Australian Unity's stated values;
- b) We act as one organisation to our investors;
- c) We ensure our complaints resolution process enhances the total experience of our investors and stakeholders; and
- d) We believe that by providing a positive complaint experience we can create a more lasting, mutually beneficial relationship with our investors.

## **Section Three: Asset Stewardship**

### **13. Monitoring company performance on financial and non-financial matters**

Australian Unity's performance on financial and non-financial matters is actively monitored and reported throughout the organisation.

On a monthly basis, performance results of financial and non-financial activities are reported to the leadership team of Wealth & Capital Markets, who oversee AUFM and other subsidiaries. Performance is also reported to the Australian Unity Limited Executive Leadership Team on a monthly basis.

Any matters that need to be escalated will be reported to the Audit Committee, Compliance Committee, Risk Committee, or the Investment Committee on a quarterly basis. Each committee comprises of individual directors determined by the board to be best suited to fulfil the committee's terms of reference.

On an annual basis, the board strategy is developed for the following year setting strategies that are approved by the Australian Unity Limited Board of Directors and monitored monthly by the Executive Leadership Team.

### **14. Engagement with company management and the board (as appropriate) and escalation of issues in instances where initial engagement**

The board has established committees that are necessary to assist it in monitoring and, where relevant, advising the management of the Group on matters specific to the committee's terms of reference.

Each committee is chaired by a non-executive Director appointed by the board. Each committee provides regular reports to the board about the activities of the committee. The minutes of the committee are tabled at the following board meeting. The current key committees established by the board to assist it in the performance of its duties are mentioned below.

The Audit Committee approves the annual internal audit plan and monitors the Group Audit department's performance against this plan. The main objective of this committee is to oversee the credibility and objectivity of financial reporting and the Group's compliance with regulatory requirements and

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adequately  
responded to**

compliance policies.

It assists the board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices of the Group.

The Risk & Compliance Committee oversees the risk management framework for identifying, assessing, mitigating and monitoring material risks arising from the business activities of the Group. It also promotes a greater awareness and commitment to risk management practices and risk culture within the Group. It is also involved in shaping the Group's risk appetite and guiding the Group's strategy in line with its determined risk profile.

As part of the risk management framework, all business units regularly identify, evaluate and develop action plans to manage their business risks and maintain risk registers, which are regularly reviewed and updated.

Higher-rated risks are reviewed by the Risk & Compliance Committee each quarter in addition to annual risk reviews by the board's Risk & Compliance Committee, including existing and emerging risks, associated mitigation strategies and status of implementation.

The Group's risk management framework is periodically revised to facilitate a continued proactive and consistent approach to risk management across all areas of activity.

The Investment Committee reviews and monitors the performance of the Group's investments and Asset Managers. It also approves the investment policies, strategies and other guidelines for the Group's own investable assets. The Investment Committee plays a critical role in assessing and reviewing the Group's investment approach and outlook to support their appropriateness and compliance with relevant covenants.

The Human Resources Committee (HR Committee) is responsible for assisting the board and Chair in relation to key appointments, remuneration, nomination and related matters. The HR Committee also recommends the performance measures, evaluation and remuneration of the Group Managing Director to the full board and approves the remuneration for Group Executives and financial control and reporting personnel as defined by the APRA standards.

The HR Committee also oversees the frameworks that enable the appropriate culture, workforce engagement, workplace diversity and representation of values, talent management and succession across the Group, and reviews the outputs of these frameworks at the appropriate time throughout the year.

The HR Committee works to ensure that the Group has remuneration policies and practices that fairly, responsibly and appropriately reward executives and employees. A majority of members of the HR Committee are independent non-executive directors.

All Asset Managers are unrestricted in reporting matters not dealt with and have an obligation to escalate issues to Risk & Compliance, the CEO Wealth & Capital Markets and the General Manager, Business Services, Product & Legal and to follow our Breach and Issues Management process.

**15. Australian  
Unity's  
approach to  
considering  
Environmental  
, Social and  
Governance  
factors (risks  
and**

As the market is increasingly considering Environmental, Social and Governance (ESG) factors when investing assets, Australian Unity believes in applying a similar degree of scrutiny before buying assets, bonds or governments engaging in unsustainable activities.

Australian Unity's focus is to serve and enhance the wellbeing of its members, investors and the community. As part of the approach of wellbeing, Australian Unity aims to develop in funds that invest in companies which not only meet our investment return criteria, but also conduct their business and apply

**opportunities) and whether these considerations influence investment**

capital responsibly, giving full consideration to a range of ESG factors.

**16. Decision-making and company engagement**

Methods and techniques can vary across investment styles, and different portfolio managers can treat similar ESG issues in different ways. Australian Unity seeks to align with investors' specific personal and social values without compromising returns over the long term.

Our Responsible Investment Objectives consider the following factors:

- Environmental - To minimise the environmental impact from operations and development;
- Labour - To ensure equal employment opportunity and the provision of a safe work environment;
- Social - To enhance the work environment for occupants and workers;
- Governance - To operate under a well-established set of corporate governance policies, which ensure compliance and optimises performance; and
- Ethical - To act with honesty and integrity.

Australian Unity may also guide the management of funds using criteria under a sustainability screen. The screening process provides a methodology resulting in a sustainability ranking that is intended to assess the impact of the investment from an ESG perspective.

The Australian Unity Sustainable Enhanced Cash Fund and the Altius Sustainable Bond Fund, in accordance with the Sustainability Policy, ensures investments undergo negative and positive screening processes, to determine the investment universe based on:

Companies that are automatically excluded for any negative primary business activities (e.g. armaments, uranium, thermal coal, gambling etc);

The remaining investment universe falls within the positively screened assets and are then given a sustainability ranking by the independent Sustainability Adviser (CAER) and materially ranked within the online investment management system. The online investment management system flags any blacklisted companies or business activities that may be involved in injustice, human rights infringements, unacceptable environmental practices etc; and

Low ranking companies are placed on a watch list and referred to the Sustainability Advisory Committee if they are to be included in the investment universe.

**17. Proxy voting (see FSC Standard 13)**

Australian Unity has a defined Proxy Voting Policy that covers Australian Unity Funds Management and Australian Unity Property Limited (Reporting Entity). The policy is consistent with the Financial Services Council's Standard 13 *Voting Policy, Voting Record and Disclosure* and ASIC Regulatory Guide 148 *Platforms that are managed investment schemes*. The policy is approved by the Australian Unity Investment Committee under delegation of the Responsible Entities.

The guiding principle is that voting and other similar rights should be exercised, where practicable, in such a way that proxies are voted in the best interests

of scheme and to benefit fund members. Voting decisions will be made on a case by case basis by an assessment of the matter at hand and after taking various matters into consideration, including the likely effect on the scheme or benefit fund's investment performance.

In exercising these rights, the Responsible Entities take into account various factors such as:

- Votes cast will be cast in the best interests of scheme and benefit fund members
- Generally not voting in favour of resolutions or actions imposing differential voting rights, share classes or other anti-takeover provisions which seek to deter appropriate takeover offers
- If there is a preference to support and vote in favour of a Board or management recommendation, however, where a recommendation is not consistent with the policies of the Responsible Entity, the recommendation will not be supported;
- Not vote where they are excluded so by the Corporations Act or other laws, contravenes the FSC Blue Book or the ASX Corporate Governance Principles & Recommendations; or
- Any other issue or resolution which the Responsible Entity considers, on reasonable grounds, to be contentious or divisive having regard to media coverage, industry conventions and relevant laws.

**18. Collaborative engagement with other investors, including involvement with industry groups and associations**

To ensure Australian Unity Wealth & Capital Markets maintains the breadth of knowledge and understanding of the Australian Funds market; we are actively engaged with other investors and are part of a number of industry groups and associations. Some of the industry groups we are part of include:

- Being a full member of the Financial Services Council (FSC), with the CEO of Wealth & Capital Markets being a Director of the FSC
- Member of the Property Funds Advisory
- Member of the Property Council of Australia; and
- Member of the Friendly Societies of Australia (FSA).

We are also a regular active contributor to regulatory groups, such as the Australian Prudential Regulation Authority ("APRA"), the Australian Securities and Investments Commission ("ASIC") and the Australian Competition and Consumer Commission ("ACCC"), to ensure our compliance meets regulatory standards and is in the best interests of our investors and community.

We participate willingly in constructive discussions with investors and industry groups about strategy, performance, quality of management, values, risk profiles and other relevant issues with a view to achieving improvements to enhance investor value.

**19. Principles used for policy advocacy including**

Australian Unity Limited continues to advocate for thoughtful and practical social and economic policy and, where relevant, participation with industry groups and associations to the market place. We take our opportunities to do this in both public and private settings, offering policymakers and associations what we believe to be a reasoned, measured and practically

**participation  
with industry  
groups and  
associations**

experienced voice in policy considerations across the broad areas in which we operate.

**20. Approach to  
client  
engagement,  
education  
and  
communication  
on regarding  
asset  
stewardship**

Australian Unity is well positioned to grow its businesses in response to the growing social infrastructure challenge, and it has significant strategic ambitions to do so. Australian Unity's corporate form as a mutual allows for a longer term perspective on social infrastructure investment decisions compared to shareholder-listed corporations, which may face the competing interests of customers seeking lower prices and shareholders focused on shorter-term profit maximisation and annual dividend returns. Australian Unity's business strategy is founded on building community value, which comprises the triple aim of commercial sustainability, value to the investor and a demonstrable contribution to community wellbeing.

Australian Unity's Wealth & Capital Markets platform offers a comprehensive range of financial products and services designed to improve the financial wellbeing of investors, while connecting communities. Its expertise in property, combined with long experience in sourcing funds in equity and debt capital markets, means we are well placed to play a meaningful role in addressing Australia's social infrastructure challenge.

A positive investor experience, where the investor is fully informed about the products and their advisers, is the key to long term growth. This is why we attract competent staff who align to our purpose and who help people thrive. We also provide investors with the ability to be able to provide informed choices on their investment options using the following form of communication:

- Relationship management via Advisers, dedicated staff and call centre
- Phone and e-mail addresses are publically available on the website and within information brochures, market updates, investor letters/communications and Fund announcements
- Australian Unity participates in and provides various seminars and updates to investors and market commentary on a regular basis
- Quarterly or six monthly investor updates are provided to investors and are available on the Australian Unity website. Australian Unity also regularly provides announcements, additional fund information, fund profiles, tax information and fund updates on their website; and
- Fund performance is regularly updated to show daily and monthly movements so that investors can make an informed choice on what fund to invest in. All Fund information and Product Disclosure Statements contain relevant Investor and Adviser contact information for ease of communication.

***A complete version of The FSC Standard: Principles of Internal Governance and Asset Stewardship is provided as Appendix 1.***



## **FSC Standard 23: *Principles of Internal Governance and Asset Stewardship***

**July 2017**

<b>Relevance and purpose of this draft Standard:</b>	This Standard has been drafted to provide guidance to FSC Members who undertake the role of Asset Managers in setting and achieving best practice in fulfilling their fiduciary responsibility as custodians of one of the largest pools of managed funds in the world.
<b>Date of this Standard</b>	July 2017
<b>Next Review Date</b>	By June 2021
<b>Commencement:</b>	<p>This Standard commences from 1 January 2018, with a 6 month transition period.</p> <p>The Standard is mandatory for FSC Full Members from 1 July 2018. Accordingly FSC Full Members must provide sign-off on compliance with this Standard for the FSC Compliance Year 1 July 2018 to 30 June 2019 (such sign-off being due around September 2019).</p> <p>Earlier compliance is encouraged.</p>
<b>Application of this Standard:</b>	The Standard has been prepared for FSC Members who as Asset Managers (also known as Investment Managers or Fund Managers) undertake the role of institutional investors of assets.
<b>ANNEXURE A</b>	Relevant FSC Standards.
<b>ANNEXURE B</b>	Relevant FSC Guidance Notes.

## TABLE OF CONTENTS

**Title** This Standard (the **Standard**) may be cited as *FSC Standard No 23: Principles of Internal Governance and Asset Stewardship*

### Definitions

In this Standard:

- **Asset Manager** (also known as Investment Managers or Fund Managers) refers to FSC Full Members who manage, or who have been appointed to manage, the investment of funds by clients of the Asset Manager.
- **Member** means full member of the Financial Services Council Limited (FSC), which usually would be the Australian domiciled Asset Manager, operating in Australia.

### Part One: Development of the Standard

- 1.1 Executive Summary and Key Principles
- 1.2 Effective Date
- 1.3 Application of this Standard – where FSC Member undertakes asset management.

### Part Two: The Principles

- 2.1 Statement of purpose
- 2.2 Context and rationale
- 2.3 Scope of the Principles
  - 2.3.1 Organisational and Investment Approach
  - 2.3.2 Internal Governance
  - 2.3.3 Asset stewardship
- 2.4 Compliance with this Standard

### Part Three: Annexure

#### A. FSC Compulsory Standards

- i) FSC Standard No 1: *Code of Ethics and Code of Conduct*
- ii) FSC Standard No 13: *Voting Policy, Voting Records and Disclosure*
- iii) FSC Standard No 20: *Superannuation Governance Policy Governance*

#### B. FSC Guidance Note

- i) FSC Guidance Note 30: *ESG Reporting Guide for Australian Companies.*

## **PART ONE – DEVELOPMENT OF THE STANDARD**

### **1.1 Executive Summary and Key Principles**

The FSC Standard: Principles of Internal Governance and Asset Stewardship has been developed for FSC Asset Manager Members in order to:

- encourage higher standards of internal governance and stewardship practices;
- provide better information for clients and other stakeholders; and
- raise the quality and standing of Australia’s financial services internationally.

Asset Managers are in a key position, as they undertake their role as custodians of significant amounts of capital on behalf of their clients, to ensure that responsible management and robust corporate governance practices form the basis of both their internal and external stakeholder interactions.

Although stewards codes have been developed in a number of overseas jurisdictions, we believe it is important not only to adopt high standards consistent with other leading capital markets, but that by instilling broader and deeper governance principles, it will be possible to strengthen consumer confidence in Australian financial services and ensure long term sustainability of the industry.

The Standard requires a non-prescriptive disclosure for best practice, utilising a ‘comply or explain’ rationale, where Asset Managers will, where relevant within their business practices, be required to either describe the policy underlying their practices or explain why they are not relevant to them.

This disclosure will be readily available in one location on the Asset Manager’s public website.

As is the case with all FSC Standards, compliance will be mandatory for all FSC Asset Manager Members and those undertaking asset management activities.

### **The Key Principles of the Standard**

#### **1. Organisational and Investment Approach**

Asset Managers should clearly state the purpose, values and underlying investment philosophy or approach of their organisation. Asset Managers should be transparent about their organisation’s ownership, structure, internal governance and experience and competencies of its key staff [See 2.3.1.]

#### **2. Internal governance**

Asset Managers should either publicly disclose their policies or provide a clear description of their approach to key aspects of internal governance and management of business activities which could impact client assets [See 2.3.2.]

#### **3. Asset Stewardship**

Asset Managers should provide a description of their approach to asset stewardship and exercise effective asset stewardship on behalf of their clients.

Asset Managers should encourage the companies in which they are invested to meet the highest standards of governance, as well as ethical<sup>1</sup> and professional practices. They should provide a description of their approach to monitoring and engaging with investee companies and the connection between monitoring, engagement, proxy voting and investment decision-making.

Asset Managers should endeavour to hold boards and management accountable where they fail to maintain acceptable standards [See 2.3.3.]

## 1.2 Effective date

The effective date of this Standard will be 1 January 2018 from which time compliance with this Standard will commence with a transitional period of 6 months. The Standard will then become mandatory from 1 July 2018 and be subject to annual FSC compliance certification. However, earlier compliance with this Standard is permitted and encouraged.

A complete version of The FSC Standard: *Principles of Internal Governance and Asset Stewardship* document (the “**Principles**”) will be required to be published on the Asset Manager website by no later than 1 July 2018.

## 1.3 Application of this Standard – when FSC Member undertakes asset management

In this Standard, “**Asset Manager**” (also known as Investment Managers or Fund Managers) is a term used to describe an institution which has responsibility for managing, or overseeing the management of assets of clients. This Standard applies to any FSC Member who is an Asset Manager or undertakes asset management activities. Below is a table summarising when this Standard applies and when it does not.

While this Standard is mandatory for asset managers as set out below, the FSC encourages other institutional investors including superannuation funds and ‘manager of managers’ to also disclose in accordance with the Standard to the extent that it applies to them. For example where they have assumed the proxy voting rights from their asset managers, where they conduct direct engagement activities or in the appointment of investment managers or other third parties to conduct stewardship activities on their behalf.

This Standard also applies to FSC Members in their capacity as responsible entities of registered managed investment schemes or trustees of unregistered schemes where the FSC Member in that capacity undertakes asset management (or asset management of part of the assets of the scheme or trust) (that is, the responsible entity or trustee undertakes asset management itself rather than out-sourcing all asset management of the scheme/trust to another entity). The Standard applies in this case as the responsible entity/trustee is in that capacity, an Asset Manager. The internal governance of the Asset Manager refers to the governance and management of the Australian domiciled Asset Manager, operating in Australia.

This Standard **does not** apply to the “Client” of the Asset Manager or the “Asset Owner” where they have out-sourced **all of** the investment management/asset management to the Asset Manager (other than currency hedging/overlay and interest rate hedging). This may include APRA regulated entities (such as RSE Licensees (superannuation) or life insurance companies) or ‘manager of manager’ investment strategies. This is the case even if the Client is an FSC member. In this case, the

<sup>1</sup> Please see ASX Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) definition of ‘acting ethically’ under Principle 3.

intention is that the Asset Manager, who has control of investment decisions, will be bound by this Standard.

However, asset owners can and do undertake Stewardship either directly, by assuming proxy voting responsibilities or conducting direct company engagement, or indirectly through the appointment of managers and other services providers. We would encourage asset owners to disclose in accordance with this Code to the extent that it is relevant to them so that the ultimate beneficiaries can better understand how stewardship is conducted for their assets. If an asset owner undertakes internal investment management activities, they should comply with the Standard for at least those assets.

### Application of this Standard: Summary table

Below is a summary table of when this Standard applies or does not apply:

FSC Member/Entity	How is Asset Management performed	Does this Standard apply to that Entity
Asset Manager managing assets for clients of the Asset Manager.	By the Asset Manager.	If the Asset Manager is an FSC Member, then this Standard applies to the Asset Manager.
<b>(Asset Management outsourced by a responsible entity/trustee):</b> Responsible entity of a registered scheme or trustee of an unregistered scheme/ wholesale trust	The responsible entity/trustee appoints an external Asset Manager or a number of external Asset Managers to manage <b>all</b> of the assets of the Scheme/trust (other than currency management/ overlay or interest rate hedging). The responsible entity/trustee does not itself undertake any asset management (other than currency management/ overlay or interest rate hedging).	This Standard <b>does not</b> apply to the responsible entity/trustee in its capacity as responsible entity/trustee of the registered scheme/trust.  While not mandated for these entities, the FSC encourages these entities to disclose in accordance with the Standard to the extent that it is relevant.  If the <u>external</u> Asset Manager(s) appointed by the responsible entity/trustee is an FSC Member, then this Standard applies to the Asset Manager.
<b>(Asset Management In-sourced – in whole or part):</b> Responsible entity of a registered scheme or trustee of an unregistered scheme/ wholesale trust	The responsible entity/trustee undertakes some (or all) of the asset management activities of the registered scheme/trust (in addition to currency management/overlay or interest rate hedging).	If the responsible entity/trustee is an FSC Member, then this Standard applies to the responsible entity/trustee in its capacity as responsible entity/trustee of the registered scheme/trust. In this case, the responsible entity/trustee is an Asset Manager.
<b>(“Platform”/“Investment Wraps”):</b> Responsible Entity of an IDPS-like Scheme or an IDPS	The responsible entity is the responsible entity of an IDPS-like Scheme but the responsible	If the responsible entity of the IDPS-like Scheme (or the IDPS Operator) <b>does not</b> undertake

Operator	entity <b>does not</b> undertake discretionary investment management as the investment instructions are provided to the responsible entity by the client/member of the IDPS-like Scheme. Similarly for an IDPS Operator which does not undertake discretionary investment management.	discretionary investment management because the client/member of the IDPS-like scheme (or client of the IDPS Operator) provides the investment instructions to the responsible entity (or IDPS Operator), then this Standard does not apply to the responsible entity/IDPS Operator.
RSE Licensee (superannuation)	This Standard does not apply to RSE Licensees who outsource all of their investment management activities.	<p>This Standard does not apply to RSE Licensees who outsource all of their investment management activities. If the RSE Licensee is an FSC Member, then the RSE Licensee must comply with FSC Standard 20 <i>Superannuation Governance Policy</i>.</p> <p>While not mandated for these entities, the FSC encourages these entities to disclose in accordance with the Standard to the extent that it is relevant.</p> <p>If an asset owner (RSE licensee) undertakes internal investment management activities, they should comply with the Standard.</p>
Life insurance company	This Standard does not apply to life insurance companies.	This Standard does not apply to life insurance companies.

This Standard applies to FSC Members (other than RSE Licensees (superannuation) who outsource all of their investment management activities or life insurance companies) who undertake institutional investment or are Asset Managers in relation to their own operations. The Standard establishes a formal framework for a sound approach to internal governance and asset stewardship.

The Standard adopts a non-prescriptive ‘comply or explain’ approach. The Financial Services Council acknowledges that some Asset Managers may have circumstances within their business practices where disclosure for certain elements of this Standard will simply take the form of reference to their current practices, or reference as to why those particular elements are not relevant to their business practice. In these circumstances, disclosure should take the form of a direction to the reader to a particular section of the Asset Manager’s website and should clearly explain the Asset Manager’s policy in regard to that element.

For this reason, the Principles will take different formats for each Asset Manager. However, it must be published on the Asset Manager's website and have each relevant area outlined, explained or linked in one document or webpage.

## **PART TWO – THE PRINCIPLES**

### **2.1 Statement of purpose**

As the peak representative body for the Australian financial services industry, the Financial Services Council (**FSC**) sets standards of best practice for the industry.

The FSC represents Australia's retail and wholesale funds management businesses, superannuation funds as well as financial advisory networks, life insurers, trustee companies and public trustees.

Asset Managers in Australia have an obligation to operate to a standard that is deserving of the right to manage client assets. Asset Managers must operate to governance standards that are not dissimilar, in principle, to the standards that are expected of investee companies. In demonstrating that they do, Asset Managers should abide by certain principles of internal governance and oversight and manage their own affairs accordingly.

In addition, as stewards of client capital, Asset Managers must exercise their ownership rights and responsibilities including monitoring company performance, engaging with companies and voting proxies. Clients and investee companies have a right to know how Asset Managers approach these important issues.

The FSC Standard: *Principles of Internal Governance and Asset Stewardship* has been developed to:

- encourage higher standards of internal governance and stewardship practices;
- provide better information for clients and other stakeholders; and
- raise the quality and standing of Australia's financial services internationally.

### **2.2 Context and rationale**

Stewardship is the careful and responsible management of something entrusted to one's care. The first formal asset management stewardship code appeared in the UK in 2010. Since its launch a wide-ranging debate regarding asset managers' role as stewards and the subsequent evolution of codes of practice has occurred across the globe.

Stewardship codes exist in other jurisdictions including the Netherlands, Switzerland, South Africa, Singapore, Japan and across Europe as articulated in the EFAMA Code for External Governance. As well, a number of other markets outside Australia are formulating their own codes.

The FSC Standard: *Principles of Internal Governance and Asset Stewardship* replaces FSC Guidance Note No 2: "The Blue Book" Corporate Governance: A Guide for Fund Managers and Corporations. The Standard has been designed to encourage the adoption of high standards that are consistent with other leading capital markets. However, unlike other stewardship codes which focus on asset stewardship and conflicts of interest, the FSC Standard takes a broader view and also includes the internal governance of the Asset Manager.

The FSC has taken this broader approach because our members believe that the careful and responsible management of clients' assets requires foundations built on good practices and robust internal governance. This code is therefore split into the following sections:

1. organisational and investment approach;
2. internal governance; and
3. asset stewardship.

The Standard is essentially a disclosure based standard which requires FSC Members to bring together or disclose in a single concise place, their approach to internal governance and asset stewardship. The Standard is related to other FSC Standards, namely FSC Standard 1: *Code of Ethics and Code of Conduct*, FSC Standard 13: *Voting Policy, Voting Records and Disclosure* and FSC Standard 20: *Superannuation Governance Policy*.

Like Stewardship Codes in other countries and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, this Standard uses a 'comply or explain' approach, where Asset Managers will, where relevant within their business practices, be required to either describe their practices or explain why they are not relevant to them. In their disclosure, Asset Managers are able to refer to other public documents by providing links to their website.

Rather than adopting a prescriptive disclosure approach the Standard requires a principles-based disclosure for best practice. Rather than dictate the way in which Asset Managers should discharge their stewardship obligations, the Standard instead sets out 'markers of good practice' that Asset Managers should use to describe their approach. By making these disclosures public we believe good practice will develop organically and change over time as the market evolves.

## **2.3 Scope of the Principles**

### **2.3.1 Organisational and Investment Approach**

Clients of Asset Managers should understand the purpose and values, including the underlying investment philosophy or approach, of the Asset Managers to whom they entrust capital. A clear statement in this regard will allow clients to assess the actions of their manager against their stated purpose.

Asset Managers should be transparent about the organisation's ownership, structure, internal governance and the experience and competencies of its key personnel. Asset Managers should also clearly articulate how they manage conflicts of interests and ensure ongoing alignment with clients' interests.

Material changes to these structures or key personnel should, as soon as practicable, be communicated to clients and updated in the firm's governance and stewardship disclosure.

#### ***Appropriate disclosure should include, but is not limited to:***

1. A description of the distinguishing features of the Asset Manager and how these features are directed towards achieving client objectives;
2. An explanation of how the Asset Manager aligns its purpose and values with its duty to clients;
3. An overview of the ownership, management and governance structures of the organisation;

4. An overview of the key management and investment personnel within the organisation; and
5. Explain how the Asset Manager ensures client assets are managed in accordance with their investment strategies and how conflicts of interest are managed.

### **2.3.2 Internal Governance**

Governance is the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations and the mechanisms by which the organisation and its people are held to account. While stewardship is often focused on the corporate governance of entities that the Asset Manager is invested in, effective internal governance and stewardship requires the Asset Manager to also have robust internal governance practices to ensure they always act responsibly, act in clients' interests and treat clients fairly.

Asset Managers should provide a publicly available and concise description of their approach to the following areas of their business. If any of the following are not applicable, the Asset Manager should explain why that is the case. Asset Managers should refer to other publicly available information (e.g. policies) in their disclosure.

Asset Managers should either publicly disclose their policies or provide a clear description of their approach to managing business activities which could impact client assets. Disclosure is not expected to be to the extent that proprietary information or intellectual property is released but rather a description of the Asset Manager's approach to governance.

Asset Managers should outline their policy position in regard to their business activities.

*Appropriate disclosure should include, but not be limited to:*

1. ethical conduct and professional practice;
2. personal trading;
3. management of conflicts of interest to ensure client interests take priority (including gifts and entertainment);
4. risk management and compliance;
5. error correction policy;
6. brokerage and commissions;
7. equitable asset valuation and pricing;
8. best execution and trade allocation;
9. remuneration policy
10. whistle-blower protection policy;
11. training and development; and
12. complaints and dispute resolution.

### **2.3.3 Asset stewardship**

Asset Managers should exercise effective asset stewardship on behalf of their clients.

They should encourage the companies in which they are invested to meet the highest standards of governance, as well as ethical<sup>2</sup> and professional practices. Asset Managers should use the tools available to them to encourage improving practices and endeavour to hold boards and management accountable where they fail to maintain acceptable standards.

Asset Managers should provide a description of their approach to asset stewardship which includes monitoring and engaging with investee companies and the connection between monitoring, engagement, proxy voting and investment decision-making.

Disclosure should include the Asset Manager's approach where relevant to the following stewardship activities and the governance and oversight associated with each one:

1. monitoring of company performance on financial and non-financial matters;
2. engagement with company management and the board (as appropriate) and escalation of issues in instances where initial engagements have not been adequately responded to;
3. approach to considering Environmental, Social and Governance factors (risks and opportunities) and whether these considerations influence investment decision-making and company engagement;
4. proxy voting (see FSC Standard 13);
5. collaborative engagement with other investors including involvement with industry groups and associations;
6. principles used for policy advocacy including participation with industry groups and associations; and
7. the approach to client engagement, education and communication regarding asset stewardship.

## **2.4 Compliance with this Standard**

- 2.4.1 Compliance with this Standard by FSC Full Members must be certified annually in accordance with FSC Standard No 1.
- 2.4.2 The Standard is mandatory for FSC Full Members from 1 July 2018. Accordingly, FSC Full Members must provide sign-off on compliance with this Standard from the FSC Compliance Year 1 July 2018 to 30 June 2019 (such sign-off being due around September 2019). A complete version of the FSC Standard: *Principles of Internal Governance and Asset Stewardship* document (the "Principles") will be required to be published on the Asset Manager website by no later than 1 July 2018. Earlier compliance with this Standard is encouraged.

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<sup>2</sup> Please see ASX Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) definition of 'acting ethically' under Principle 3.

## **PART THREE**

The FSC Standards and Guidance Note below are available on the Financial Services Council website at [www.fsc.org.au](http://www.fsc.org.au)

### **ANNEXURE A**

#### **FSC Standards**

FSC Standard No. 1: *Code of Ethics and Code of Conduct*

FSC Standard No. 13: *Voting Policy, Voting Record and Disclosure*

FSC Standard No 20: *Superannuation Governance Policy*

### **ANNEXURE B**

#### **FSC Guidance Notes**

Guidance Note 30: *ESG Reporting Guide for Australian Companies*