

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR – IOOF

IOOF13QON: Mr Mota: Correct. We do ask them to consider ESG issues. We have a statement of responsible investing, and that is about making sure that they're using a long enough time horizon to consider their valuations, and the assets they buy and don't buy, but we do not prescribe in what industries whatsoever.

Mr FALINSKI: How does that interact with your sole-purpose test?

Mr Mota: This is our investments business. Our super—

Mr FALINSKI: Right. So, in your super business, you don't have that overlay?

Mr Mota: Not that I'm aware of. I'll have to take that on notice.
Let me get back to you on that one.

Answer: We have requirements in place to ensure that ESG factors are considered by the underlying investment managers for IOOF managed investment schemes (MISs). These schemes comprise investments managed by external (third party) managers within a 'multi-manager' approach.

In 2018, we developed a Responsible Investing Statement of Principles (Statement), which was implemented in 2019. The Statement was developed with reference to current best practice described by the Principles for Responsible Investment. It covers listed equities, property and infrastructure security assets, and applies to external fund managers of IOOF MISs through Investment Management Agreements.

The IOOF Portfolio Service Superannuation Fund (IPSSF) is not subject to an ESG overlay. IPSSF includes some MIS products that are managed by IOOF's Investment Division. Those products are covered by the ESG Clause and Statement. However, the super fund investment menus also include products that are externally managed. As we are not the Responsible Entity for those products, they are not covered by our ESG Clause or Statement.

IOOF Holdings also has an 18% shareholding in Australian Ethical (AE). AE is Australia's largest dedicated ESG investment manager and manages \$3.64 billion on behalf of over 45,000 superannuation members and investors. The Responsible Investment Association of Australia named AE in its 2019 'Leaders List'.¹ IOOF's investment in AE, which dates to 2005, represents our long-standing commitment to ESG integration.

¹ RIAA, Responsible Investment Super Study 2019, <https://responsibleinvestment.org/wp-content/uploads/2019/12/RIAA-Responsible-Investment-Super-Study-2019.pdf>