

As a funds manager, BT Investment Management is aware of the importance of corporate sustainability and responsibility, while striving to optimise long-term value creation for our shareholders and investors alike. This is reflected in BT Investment Management's range of industry recognised sustainable and ethical funds such as the BT Institutional Australian Sustainability Share Fund, and the BT Institutional Ethical Balanced Fund. These funds provide investors with access to listed Australian companies and other investments based on an assessment of their environmental, social and corporate governance (ESG) best practice.

Philosophy

This is the first year of operating as a separate listed entity and BT Investment Management is committed to ensuring our interactions with employees, investors, shareholders, suppliers and the wider community are ethical, principled and sustainable.

At BT Investment Management, we recognise the value and contribution employees make to the success and growth of the business, and have developed a range of employee policies and procedures to support the recruitment, retention and recognition of employees.

We are also committed to the highest standards of customer care and prefer to work with suppliers and service providers who match our own corporate responsibility and sustainability aspirations. We are working to further refine our targets, actions and reporting of corporate sustainability and responsibility.

As part of the Westpac group, we adhere to the bank's principles which form the basis of its commitment to corporate responsibility and sustainable business practices and set out behaviours that stakeholders can expect from it.

Corporate governance and risk management

At a corporate level, BT Investment Management is committed to implementing and maintaining good corporate governance policies that reflect the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* and other relevant standards.

We also believe that the management of risk is central to our investment philosophy and should be embedded in our investment processes. Our risk management covers not only our investment philosophy but also the internal controls and management of our business which ultimately will lead to shareholder confidence and the creation of shareholder wealth.

Governance and proxy voting

BT Investment Management regards corporate governance and the exercise of voting power as an important aspect of investment decision making and places great emphasis on exercising our clients' ownership rights and responsibilities at the companies in which we invest, with the objective of adding long-term value to shareholdings.

In accordance with industry practice (the Investment and Financial Services Association guidelines in particular), and by engagement and voting, BT Investment Management aims to ensure companies are run in the best interests of their long-term investors.

We have taken our corporate governance and responsible investment program to the next stage by our involvement as a member of:

- the Carbon Disclosure Project – which seeks information on the business risks and opportunities presented by climate change and greenhouse gas emissions data from the world's largest companies; and
- the Investor Group on Climate Change – which promotes awareness and understanding of the impact of climate change on the value of investments.

BT Investment Management is also an active shareholder with board representation in Regnan-Governance Research and Engagement Pty Limited, a company which both analyses investment performance with reference to ESG factors, and engages companies in a two-way dialogue on behalf of its institutional investors to advocate improved governance of ESG risks.

Further, BT Investment Management is a major sponsor of the Responsible Investment Association of Australia and sponsored its 6th International Responsible Investment Conference in 2008.

Environment

While recognising that we have a relatively small carbon footprint based on the nature of our operations and employee numbers, nevertheless BT Investment Management desires to be a responsible environmental manager and minimise the impact of our operations on the environment. We endeavour to achieve this through:

- recycling of all waste paper;
- reduction of landfill by segregation of waste at source; and
- recycling of surplus office furniture, equipment and technology.

BT Investment Management also encourages shareholders to receive investor communications electronically, and pays dividends by direct credit.