Australian Super

Sustainability Reporting Supplement

AustralianSuper's 2018-19 Annual Report is a combined sustainability and annual report that draws upon the guidance provided in the Global Reporting Initiative (GRI) Standards for sustainability reporting and the International Integrated Reporting <IR> Framework. This report has been prepared in accordance with the Core option of the GRI Standards. AustralianSuper has not sought external assurance over the sustainability content of the Annual report and its supporting documents.

Creating value for members

Operating as a sustainable fund means taking a long-term view of the risks and issues that can impact retirement outcomes for our members. Australian Super is a significant investor in Australian and international markets and we recognise the responsibility that this brings. Our size and scale enable us to positively influence the practices and performance of the companies in which we invest. We aspire to be a best practice ESG integration and stewardship practitioner, and through our collaboration and engagement activities work hard to lift the standards across the industry. We also seek to enhance corporate responsibility, sustainable economic growth and stable capital markets through our active support of a number of sustainable development initiatives.

The value creation model provided in the <IR>
Framework aims to provide insight about the resources and relationships used and affected by an organisation – these are collectively referred to as "the capitals". There are six capitals: financial, manufactured, intellectual, human, social/relationship and natural. We have applied the <IR> value creation model to explain how AustralianSuper interacts with its external environment and the capitals to create value for its stakeholders. It includes a depiction of how the fund draws on the various capitals as inputs and, through its business activities, converts them to outputs and then leads to outcomes for members and other stakeholders.

We also recognise that we have a role to play in contributing to society by using our size and influence to contribute to global sustainable development. As part of our value creation model, we have identified the key areas in which we can create long term value by contributing to the United Nations Sustainable Development Goals (SDGs). Throughout the report we reference the six SDGs that we have identified as most relevant to the fund and its members.

Our material topics

Australian Super has applied the guidance outlined by the GRI Standards to define the specific content of the report. To support the application of the GRI content principles, we applied a methodology that aligns with the GRI guidance and draws upon other complementary frameworks. The process to define report content is underpinned by the concept of materiality, the threshold at which issues become sufficiently important that they should be included in an organisation's public reporting.

The approach to identifying and prioritising the material issues drew upon the five-part tests provided by AccountAbility and the Initiative for Responsible Investment (IRI). The GRI G4 Financial Services Sector Guidance, the United Nations Sustainable Development Goals (SDGs) and the SASB materiality map for Financial Services – Asset were considered as part of the process applied to identify the universe of issues that have a high potential to impact or are impacted by AustralianSuper's operations. The process of prioritising involved the application of a set of filters to rank each material topic by considering the

significance of its economic, environmental and social impacts and its substantive influence on the assessments and decisions of stakeholders. These prioritised material topics were then validated internally by AustralianSuper.

The material topics relevant to the 2018-19 reporting period are presented as a materiality matrix in the Annual Report. The matrix aims to reflect the potential significance of AustralianSuper's economic, environmental and social impact (X axis) and the influence or interest of stakeholders (Y axis). The highest ranked topics are those in the top right corner, through to the lowest ranked topics are in the bottom left corner.

We include the most material information in our Annual Report and this sustainability supplement. These issues are material for AustralianSuper, both within our operational boundary in terms of how they impact our governance and management structures, but also outside of our operational boundary where the impact and value is provided to stakeholders, particularly our members.

Our stakeholders

To achieve our goal of best retirement outcomes for members, we engage with a wide range of stakeholders. Our approach to stakeholder relationships and engagement puts AustralianSuper members at the centre of everything we do. The relationships we have with stakeholder organisations, especially unions and business groups, are essential and provide an important conduit for member communications and education. AustralianSuper engages extensively through the year with its members, employers, external advisers, unions and other strategic partners, in order to understand the needs of our stakeholders and deliver the Fund's product and service offering.

Key stakeholders have been identified based on an assessment of the interest and influence they have over our organisation. The annual report aims to provide information to meet the needs of these stakeholder groups. It also enables transparency with respect to communicating our economic, environmental, social and governance performance.

Key stakeholder groups	Key issues of concern	How AustralianSuper engages
Members	Business ethics and integrity Trusted brand and reputation Strong governance Investment performance Integrating ESG Member engagement Products and services that meet members needs IT and data management Energy and emissions	Website Mobile app Social media Advertising Email Face-to-face meetings Phone Seminars, webinars, member briefings Surveys Written communication e.g. statements Media

Our stakeholders continued:

Key stakeholder groups	Key issues of concern	How AustralianSuper engages
Potential members	Business ethics and integrity Trusted brand and reputation Strong governance Investment performance Integrating ESG Member engagement Products and services that meet members needs IT and data management Energy and emissions	Website Social media Advertising Media
Unions and business groups	Business ethics and integrity Trusted brand and reputation Strong governance Regulatory environment Member engagement Better retirement system Integrating ESG Supply chain and procurement Stakeholder engagement	Email Face-to-face meetings Phone Website information
Investment managers	Investment performance Integrating ESG	Email Face-to-face meetings Phone Website information
Current and future participating businesses	Strong governance Investment performance Supply chain and procurement Contractor / partner performance	Email Face-to-face meetings Phone Website information
Advisors	Strong governance Investment performance Products and services that meet members needs IT and data management Contractor / partner performance	Website Social media Email Face-to-face meetings Phone Seminars, webinars Written communication
Government and regulators	Strong governance Investment performance Better retirement system	Email Face-to-face meetings Phone Written communications e.g. submissions

Our stakeholders continued:

Key stakeholder groups	Key issues of concern	How AustralianSuper engages
AustralianSuper Board	Strong governance Trusted brand and reputation Regulatory environment Investment performance Integrating ESG Member engagement Products and services that meet members needs Better retirement system Diversity and inclusion People and culture Occupational Health and Safety Contractor / partner performance IT and data management Stakeholder engagement	Face-to-face meetings Email Written communication Briefings Phone
AustralianSuper Staff	Investment performance People and culture Diversity and inclusion Training and Education Occupational Health and Safety Energy and emissions IT and data management Supply chain and procurement	Face-to-face meetings, conferences Surveys Email Intranet Written communication Briefings
Media	Investment performance Products and services that meet members needs Better retirement system Regulatory environment Financial access and inclusion	Face-to-face meetings Email Website information
Industry associations and not for profits	Strong governance Investment performance Integrating ESG Member engagement Better retirement system Financial access and inclusion Stakeholder engagement Local economic development and investment	Participation in industry working groups

A range of stakeholder interviews with representatives from these groups were undertaken as part of the approach to determine what topics were considered most material for the Fund. This engagement helped to prioritise the content of the annual report and to ensure that AustralianSuper proactively manages and communicates the interests of relevant internal and external stakeholders.

Our supply chain

AustralianSuper has a complex supply chain that includes the operations and supply chains of our organisation and the companies we invest in. Our direct supply chain consists largely of service providers (estimated 90%) and includes our insurer, administrator, financial advisors, investment managers and advisors, auditors, bankers, tax advisors, fund services providers and other advisors and consultants as required. Our strategic procurement is managed via a central procurement system designed to support the future growth of the fund and provide visibility over our supply chain. We also operate under an Ethical Procurement Policy to ensure we make appropriate decisions with regards to our supply chain.

There were no significant changes to our supply chain over the 2018-19 financial year.

The ability to influence better environmental, social and governance (ESG) outcomes, is an important part of being a large asset owner and delivering strong long-term returns to members. We screen our investments using ESG criteria that are relevant in due diligence for ownership of mid-risk assets and company specific ESG issues that may impact long-term valuations.

As an active investor we exercise the rights and responsibilities of being a large asset owner and shareholder. Direct engagement enables us to influence the make-up of company boards and encourage positive behaviour on issues that can impact members' investment outcomes. We also influence companies by voting on company and shareholder resolutions. In 2018-19, we focused on the areas that present the most material risk to the value of our investments, and hence performance outcomes for members. These include operational, financial and reputational risks arising from inadequate management of labour supply-chains, poor governance practices and climate change risk in the supply chain.

Our environmental impacts

Managing climate change risk in our investments

Climate change can have a broad ranging impact on economies, financial markets and our members' investments over the long term. It has the potential to effect the longevity of assets, companies and their valuations in a variety of ways. Investments in property and infrastructure, like toll roads, airports and ports, may be affected and there could be an impact on the operations of many companies in which AustralianSuper invests.

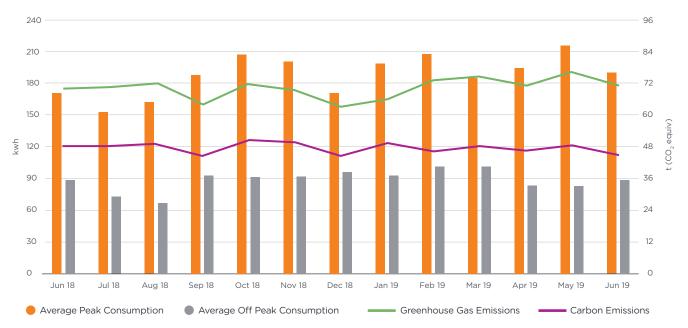
Through our Active Owner program we actively engage with companies on the risks relating to future fossil fuel consumption and physical changes in the climate. Rather than simply excluding particular investments on the basis of these factors, we weigh the risks and returns for each investment and determine the appropriate exposure.

Managing our own energy and greenhouse emissions

As a service-based organisation, our direct impact on the environment is relatively small. However, it is important that we are accountable for our impact and we have selected office space with this in mind. Our head office of 50 Lonsdale Street, where the majority of our operations and people are located has achieved a 5.5 Star NABERS energy, 5 Star NABERS Indoor Environment and 3.5 Star NABERS water rating for the building. Additionally, a Green Building Council of Australia (GBCA) Green Star Office As-Built rating of 4 stars has been achieved, which represents Australian Best Practice.

We have begun collecting data to monitor and manage our energy usage and greenhouse gas (GHG) emissions. The graph provided below reflects our Scope 2 indirect energy consumption at head office and associated GHG emissions over the reporting period. This source of energy is our most material, but we will endeavour to expand our data collection to cover other operational sites and explore our capacity to measure and manage our Scope 3 emissions in the future.

Greenhouse Gas Emissions



People and culture

Parental Leave

AustralianSuper is a strong supporter of parental leave and flexible work. We are serious about flexible working and committed to offering our colleagues a work-life balance that enables us all to be productive and healthy.

Superannuation is paid at the full-time rate for the duration of parental leave and where an employee who is the primary carer returns from parental leave on a part time basis. This payment applies during periods of both paid and unpaid parental leave, and for a period of up to two years from the commencement of parental leave.

The following table outlines the uptake of parental leave and return to work rates for the Fund in 2018-19.

Parental Leave 1 July 2018 - 30 June 2019	Male	Female
Total number of permanent employees eligible for parental leave as at 30 June 2019	352	334
Total number of permanent employees that commenced parental leave during the period	2	19
Total number of permanent employees that returned from parental leave during the period	1	14

Training and education

AustralianSuper continues to invest in its people through formal training and coaching by people leaders and peers and on the job development.

The following table outlines the training that was delivered by the Fund to its employees in 2018-19.

Method	Courses	Participants	Participant Hours
Face to face	103	1054	5968
Online	839	839	419.5
Industry conferences	2	56	1176
Requests	95	91	91

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 101: Foundation General Disclosures		
GRI 102:	Organizational profile	
General Disclosures	102-1 Name of the organization	Annual Report, Page 1
	102-2 Activities, brands, products, and services	Annual Report, Pages 36-39
	102-3 Location of headquarters	Annual Report, Page 73
	102-4 Location of operations	Annual Report, Page 73
	102-5 Ownership and legal form	Annual Report, Page 36, 70. https://www.australiansuper.com/about-us
	102-6 Markets served	Annual Report, Page 66
	102-7 Scale of the organization	Annual Report, Page 58
	102-8 Information on employees and other workers	Annual Report, Page 49
	102-9 Supply chain	Annual Report, Pages 32-33 Sustainability Supplement, Page 5
	102-10 Significant changes to the organization and its supply chain	Sustainability Supplement, Page 5
	102-11 Precautionary Principle or approach	Sustainability Supplement, Page 3
	102-12 External initiatives	Annual Report, Pages 32-33
	102-13 Membership of associations	Annual Report, Pages 32-33
	Strategy	
	102-14 Statement from senior decision-maker	Annual Report, Pages 4-7
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behaviour	Annual Report, Pages 30-31
	SDG 16.6 Ethical and lawful behaviour	Sustainability Supplement, Page 1
	Governance	
	102-18 Governance structure SDG 16.6 Effective, accountable and trasnparent governance	Annual Report, Pages 44-45
	102-22 Composition of the highest governance body and its committees	Annual Report, Pages 49, 52
	Stakeholder engagement	
	102-40 List of stakeholder groups	Sustainability Supplement, Pages 2-4
	102-41 Collective bargaining agreements	100% of AustralianSuper employees are covered by collective bargaining agreements
	102-42 Identifying and selecting stakeholders	Sustainability Supplement, Page 2
	102-43 Approach to stakeholder engagement	Sustainability Supplement, Page 2
	102-44 Key topics and concerns raised	Annual Report, Page 21

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 101: Foundation General Disclosures		
GRI 102:	Reporting practice	
General Disclosures	102-45 Entities included in the consolidated financial statements	Annual Report, Page 58
	102-46 Defining report content and topic Boundaries	Sustainability Supplement, Page 1 Annual Report Page 72
	102-47 List of material topics	Sustainability Supplement, Page 2
	102-48 Restatements of information	None
	102-49 Changes in reporting	None
	102-50 Reporting period	Annual Report, Page 1
	102-51 Date of most recent report	2017-18
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	Annual Report, Page 2
	102-54 Claims of reporting in accordance with the GRI Standards	Annual Report, Page 72
	102-55 GRI content index	Sustainability Supplement, Page 6
	102-56 External assurance	External assurance has not been sought.
Economic Performance	107.1 Explanation of the material tonic	Appual Papart Pages 14.15
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Pages 14-15 Sustainability Supplement, P 2-4
	103-2 The management approach and its components	Annual Report, Pages 14-15
	103-3 Evaluation of the management approach	Annual Report, Pages 14-15 Sustainability Supplement, P 2-4
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Annual Report, Pages 58
SDG 13 Climate change action	201-2 Financial implications and other risks and opportunities due to climate change SDG 13.2 Risks and opportunities due to climate change	Annual Report, Page 31-32
Indirect Economic Impac	ets	
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Pages 26-27
	103-2 The management approach and its components	Annual Report, Pages 26-28
	103-3 Evaluation of the management approach	Annual Report, Pages 26-29
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Annual Report, Page 12-13

GRI Standard	Disclosure	Page number(s) and/or URL(s)		
Material Topics GRI 200 Economic Standard Series and Sustainable Development Goals				
Anti-corruption				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Page 33. https://www.australiansuper.com/about- us: Conflicts Management policy, Code of Conduct summary		
	103-2 The management approach and its components	Annual Report, Page 33. https://www.australiansuper.com/about- us: Conflicts Management policy, Code of Conduct summary		
	103-3 Evaluation of the management approach	Annual Report, Page 33. https://www.australiansuper.com/about- us: Conflicts Management policy, Code of Conduct summary		
GRI 205: Anti-corruption SDG 16 Peace, justice and strong institutions	205-1 Operations assessed for risks related to corruption SDG 16.5 Anti-corruption	All operations have been assessed for risks to corruption.		
GRI 300 Environmental	Standard Series and Sustainable Developmen	nt Goals		
Emissions				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Sustainability Supplement, Page 5		
	103-2 The management approach and its components	Sustainability Supplement, Page 5		
	103-3 Evaluation of the management approach	Sustainability Supplement, Page 5		
GRI 305: Emissions SDG 13 Climate change action	305-2 Energy indirect (Scope 2) GHG emissions SDG 13.2 GHG Emissions	Sustainability Supplement, Page 5		
GRI 400 Social Standard	ls Series			
Employment				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Page 47		
	103-2 The management approach and its components	Annual Report, Pages 47-49		
	103-3 Evaluation of the management approach	Annual Report, Pages 47-50		
GRI 401: Employment SDG 5 Gender Equality	401-1 New employee hires and employee turnover SDG 5.5 Gender equality	Annual Report, Page 49		
	401-3 Parental leave SDG 5.5 Parental leave	Sustainability Supplement, Page 6. https://www.australiansuper.com/-/media/ australian-super/files/about-us/other- reports/australiansuper-wgea-compliance- report-2019.pdf		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	
GRI 400 Social Standards Series			
Training and Education			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Pages 47-48	
	103-2 The management approach and its components	Annual Report, Pages 47-48	
	103-3 Evaluation of the management approach	Annual Report, Pages 47-48	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Sustainability Supplement, P 6	
	404-3 Percentage of employees receiving regular performance and career development reviews	100% of employees receive regular performance and career development reviews	
Diversity and Equal Oppo	ortunity		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Pages 47. https://www.australiansuper.com/about-us: Board diversity policy, Code of Conduct https://www.australiansuper.com/-/media/ australian-super/files/about-us/other- reports/australiansuper-wgea-compliance- report-2019.pdf	
	103-2 The management approach and its components	Annual Report, Pages 47. https://www.australiansuper.com/about-us: Board diversity policy, Code of Conduct https://www.australiansuper.com/-/media/ australian-super/files/about-us/other- reports/australiansuper-wgea-compliance- report-2019.pdf	
	103-3 Evaluation of the management approach	Annual Report, Pages 47. https://www.australiansuper.com/about-us: Board diversity policy, Code of Conduct https://www.australiansuper.com/-/media/ australian-super/files/about-us/other- reports/australiansuper-wgea-compliance- report-2019.pdf	
GRI 405: Diversity and Equal Opportunity SDG 5 Gender Equality SDG 8 Decent work and economic growth	405-1 Diversity of governance bodies and employees SDG 5.5 Gender equality SDG 8.5 Diversity and equal opportunity	Annual Report, Pages 49. https://www.australiansuper.com/-/media/ australian-super/files/about-us/other- reports/australiansuper-wgea-compliance- report-2019.pdf	
	405-2 Ratio of basic salary and remuneration of women to men	Annual Report, Pages 54-57. https://www.australiansuper.com/-/media/ australian-super/files/about-us/other- reports/australiansuper-wgea-compliance- report-2019.pdf	

GRI Standard	Disclosure	Page number(s) and/or URL(s)		
GRI 400 Social Standards Series				
Non-discrimination				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	https://www.australiansuper.com/about-us: Board diversity policy, Code of Conduct https://www.australiansuper.com/-/media/ australian-super/files/about-us/other- reports/australiansuper-wgea-compliance- report-2019.pdf		
	103-2 The management approach and its components	https://www.australiansuper.com/about-us: Board diversity policy, Code of Conduct https://www.australiansuper.com/-/media/ australian-super/files/about-us/other- reports/australiansuper-wgea-compliance- report-2019.pdf		
	103-3 Evaluation of the management approach	https://www.australiansuper.com/about-us: Board diversity policy, Code of Conduct https://www.australiansuper.com/-/media/ australian-super/files/about-us/other- reports/australiansuper-wgea-compliance- report-2019.pdf		
GRI 406: Non-discrimination SDG 8 Decent work and economic growth	406-1 Incidents of discrimination and corrective actions taken SDG 8.5 Diversity and equal opportunity	The fund did not have any incidents of discrimination in FY2019.		
Supplier Social Assessme	ent			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Pages 30		
	103-2 The management approach and its components	Annual Report, Pages 30		
	103-3 Evaluation of the management approach	Annual Report, Pages 30		
GRI 414: Supplier Social Assessment	414-2 Negative social impacts in the supply chain and actions taken	Annual Report, Pages 32-33		
Customer Privacy				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Pages 21		
	103-2 The management approach and its components	Annual Report, Pages 21		
	103-3 Evaluation of the management approach	Annual Report, Pages 21		
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual Report, Pages 71		

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 400 Social Standard	ds Series	
Socioeconomic Complia	nce	
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Pages 38
	103-2 The management approach and its components	Annual Report, Pages 38
	103-3 Evaluation of the management approach	Annual Report, Pages 38
GRI 419: Socioeconomic Compliance SDG 16 Peace, justice and strong institutions	419-1 Non-compliance with laws and regulations in the social and economic area SDG 16.6 Compliance with laws and regulations	The fund did not receive any significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in FY2019.
GRI G4 Financial Service	es Supplement	
Product responsibility		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Annual Report, Pages 36
	103-2 The management approach and its components	Annual Report, Pages 28-33, 36-39
	103-3 Evaluation of the management approach	Annual Report, Pages 28-33, 36-40
FS: Product portfolio	FS 6 Percentage of the portfolio for business lines by specific region, size (e.g. micro/sme/large) and by sector	Annual Report, Pages 62-66
FS: Active ownership	FS 10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Annual Report, Pages 60-64
FS: Local communities SDG 1 No Poverty	FS 14 Initiatives to improve access to financial services for disadvantaged people. SDG 1.4 Access to financial services	Annual Report, Pages 39