

# Active owner program in practice

Integrating ESG considerations into each asset class



We believe active ownership is where we can have an impact on changing company behaviour to improve investment returns for members.

Environmental, Social and Governance (ESG) management is an integral part of our Active Owner Program, and is embedded across our investment decision-making process at three levels.



## ESG Integration

Assessing and integrating ESG risks and value drivers when choosing and managing investments



## Stewardship

Actively engaging with companies to influence and improve ESG practices



## Choice

Considering our members' values in our investment choices

Making sure ESG factors are considered starts before we make an investment and continues for as long as we keep it.

Our robust process makes sure ESG factors are taken into account when we make investment decisions, whether we're investing directly ourselves or through external managers.

Here's how we integrate ESG factors into each asset class.

### Equities

We produce ESG ratings for ASX200 companies which feeds into our internal investment process. This rating is based on how companies manage ESG factors that are relevant to their industry sector.

A summary output of this rating is integrated into the company reports that our internal analyst views. AustralianSuper reviews and updates these scores on a regular basis. You can read about how we use ratings to help manage climate change risks in our climate change fact sheet.

Before appointing external managers, we check how they consider and integrate ESG factors. Once appointed, we monitor their management of ESG factors on an ongoing basis. We often seek fund managers' feedback on ESG factors, particularly regarding voting decisions. You can view our quarterly voting history and read more about our approach to stewardship and governance at [australiansuper.com/InvestmentGovernance](https://australiansuper.com/InvestmentGovernance)

We also undertake internal and external research to determine how various issues can impact the equity portfolio. For example, we use climate change foot printing to understand the concentration of carbon risk in the portfolio. You can read about this in our climate change fact sheet.

## Property and infrastructure

Investments in property and infrastructure, like toll roads, airports or ports, can have unique ESG risks.

When we're looking at buying a property or infrastructure asset, we consider significant risks and opportunities including ESG. These risks are recorded and the investment team determines how they should be managed. If there is a valuation impact, the potential size of that impact is assessed. Identified issues are included in the management plan if we buy the asset. An example of this is how we consider energy efficiency and climate change adaptability when bidding for an asset. See our climate change fact sheet.

We continue to work on our ongoing internal review process to ensure that ESG risks are appropriately managed at each of our directly owned assets, now and in the future.

We also monitor the integration of ESG factors into the investment process of our core external infrastructure and property managers.

To assist our monitoring of core property managers, we use the annual Global Real Estate Sustainability Benchmark (GRESB). GRESB assess the ESG performance of real estate assets globally.

## Fixed Income - Direct Credit

ESG factors are less likely to impact on the value of Fixed Income investments. We do undertake high-level reviews of ESG risks related to direct credit opportunities, which includes researching any issues that have the potential to impact debt holders.



## Find out more

Explore our Active Owner Program in Practice series:

- › Integrating ESG considerations into each asset class
- › Climate change
- › Gender diversity
- › Human rights and labour supply chain
- › Executive remuneration

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