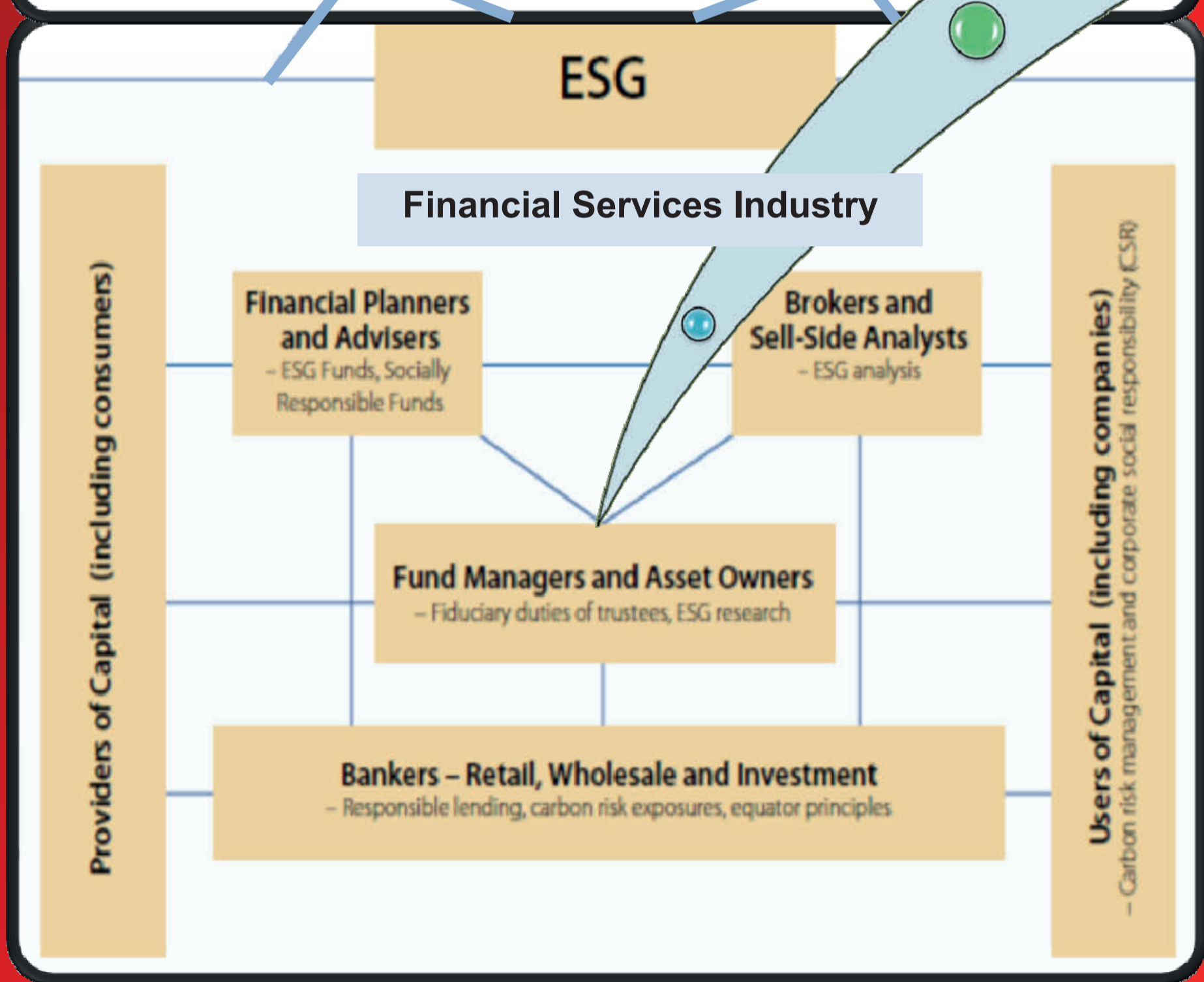
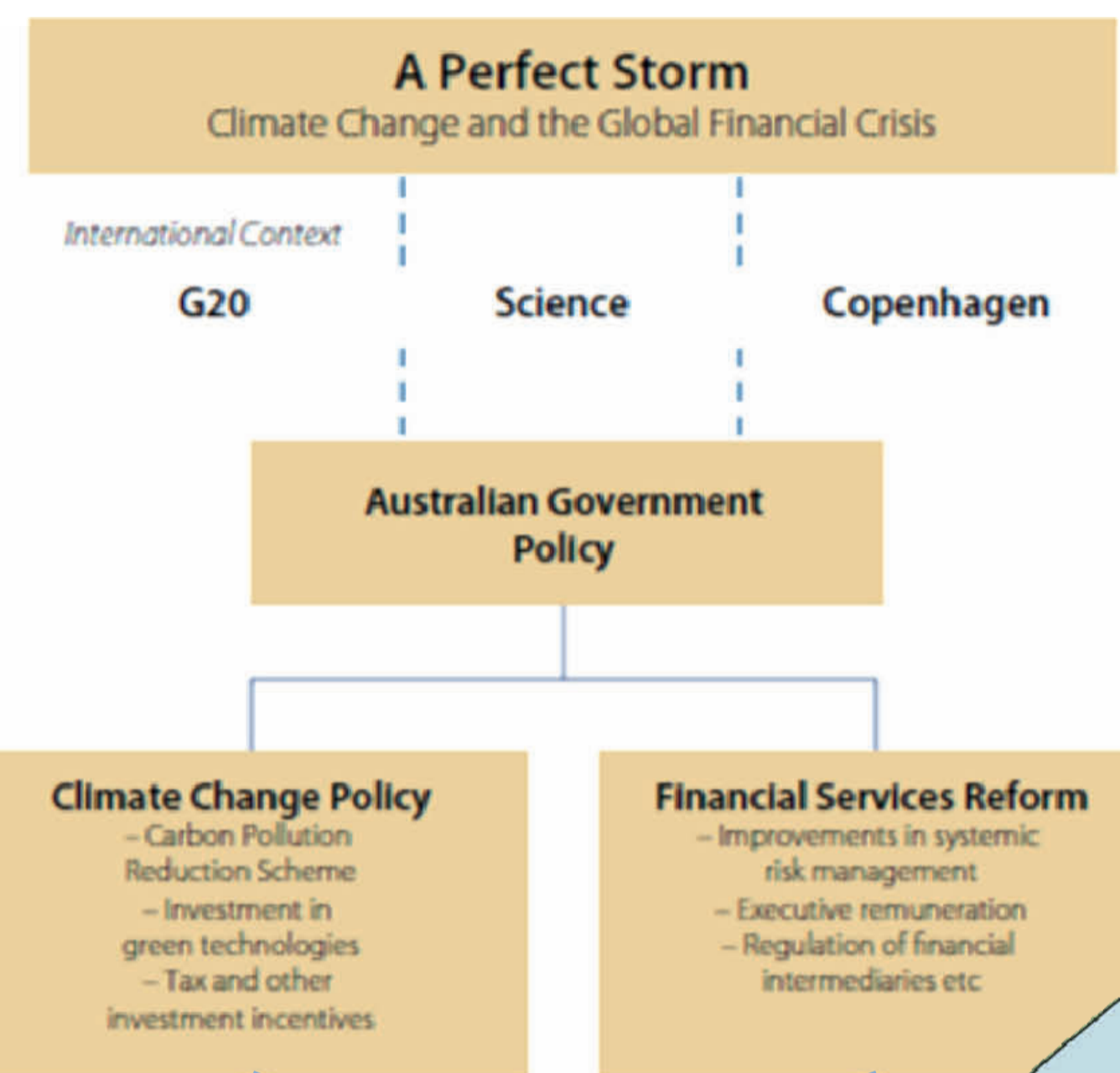
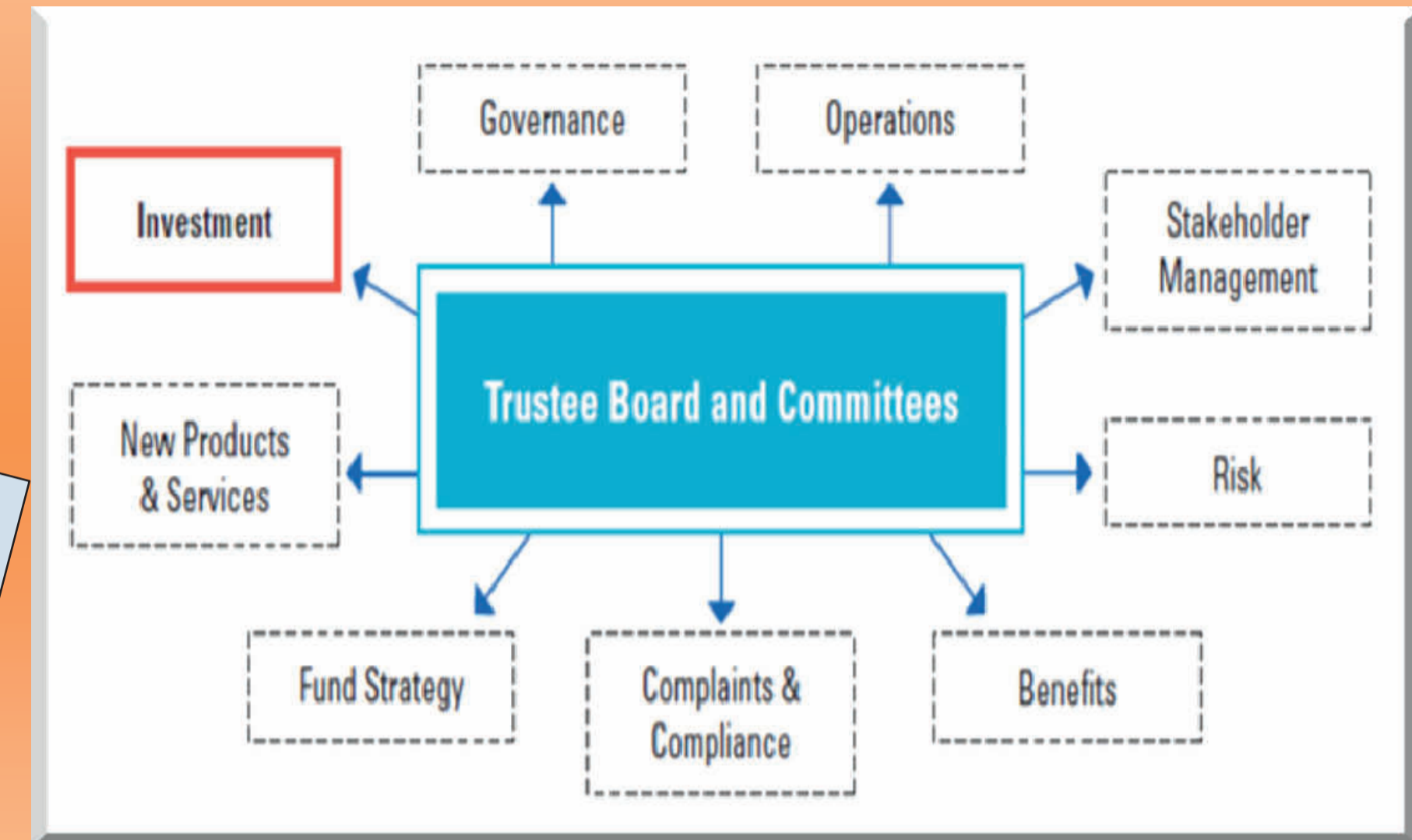


The Integration of Environmental, Social and Corporate Governance (ESG) Factors into Investment Processes for Superannuation Trustees



Superannuation funds have an important and direct influence on fund manager behaviour through their mandates and investment management agreements.



UN Principles for Responsible Investment as a framework

<p>Principle 1 We will incorporate ESG issues into investment analysis and decision-making processes</p> <p>Possible actions</p> <ul style="list-style-type: none"> Address ESG issues in investment policy statements Support the development of ESG-related tools, metrics, and analyses at the stock, portfolio and fund level. Provide rigour around policies with respect to investment managers and ESG integration, engage investment managers in formal dialogue, review investment management agreements (IMAs) Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or ratings companies) to integrate ESG factors into evolving research and analysis Encourage academic and other research on this theme Advocate ESG awareness and training for investment professionals 	<p>Principle 4 We will promote acceptance and implementation of the Principles within the investment industry</p> <p>Possible actions</p> <ul style="list-style-type: none"> Include ESG-related requirements in requests for proposals (RFPs) Align investment monitoring procedures, performance indicators and incentive structures accordingly to ESG integration Communicate ESG expectations to investment service providers Formulate policy with respect to dealing with service providers who fail to meet ESG expectations Support regulatory or policy developments that support the implementation of the Principles
<p>Principle 2 We will be active owners and incorporate ESG issues into our ownership policies and practices</p> <p>Possible actions</p> <ul style="list-style-type: none"> Develop and disclose active ownership policies Exercise voting rights (if internally managed) Monitor compliance with voting policy (if externally managed) Develop an engagement capability if appropriate Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights) Participate in collaborative engagement initiatives, for example: <ol style="list-style-type: none"> The Carbon Disclosure Project The Investor Group on Climate Change PRI-led initiatives Require investment managers to undertake and report on ESG-related engagement activities 	<p>Principle 5 We will work together to enhance our effectiveness in implementing the Principles</p> <p>Possible actions</p> <ul style="list-style-type: none"> Support / participate in networks and information platforms where it is advantageous to share tools, pool resources, and make use of investor reporting as a source of learning Collectively address relevant emerging issues Develop or support appropriate collaborative initiatives
<p>Principle 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest</p> <p>Possible actions</p> <ul style="list-style-type: none"> Support collaborative efforts to push for standardise company reporting on ESG issues (using frameworks such as the Global Reporting Initiative) and the integration of such information into key financial reports Support collaborative efforts that seek the adoption of and adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact) Support shareholder initiatives and resolutions promoting higher standards of ESG disclosure by companies 	<p>Principle 6 We will report on our activities and progress towards implementing the Principles</p> <p>Possible actions</p> <ul style="list-style-type: none"> Use the PRI framework and annual survey as an internal and external reporting template Disclose how ESG issues are integrated within investment practices Disclose active ownership activities (voting, engagement, and/or policy dialogue) Disclose what is required from service providers in relation to ESG Communicate with beneficiaries about ESG issues and the Principles Make use of reporting to raise awareness among a broader group of stakeholders

Some Superannuation Fund examples with sustainable investment options

