



# RI TRANSPARENCY REPORT

## 2014/15

UniSuper Management Pty Limited



UNEP Finance Initiative  
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	✓	Public							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Private							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓					✓	
SAM 07	Appointment considerations (listed assets)	✓	Private				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	✓	Public		✓					
SAM 10	Selection processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	🔒	n/a				✓			
SAM 12	Monitoring processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Private		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	⚙	n/a	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	✓	Private	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

# UniSuper Management Pty Limited

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Basic Information

OO 01	Mandatory	Gateway/Peering	General
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**OO 01.1** Select the category which best represents your primary activity.

- ☒ Non-corporate pension or superannuation or retirement or provident fund or plan
- ☐ Corporate pension or superannuation or retirement or provident fund or plan
- ☐ Insurance company
- ☐ Foundation or endowment
- ☐ Development finance institution
- ☐ Reserve - sovereign or government controlled fund
- ☐ Other, specify

**OO 01.2** Additional information. [Optional]

UniSuper is the superannuation fund for Australia's higher education system, managing the superannuation for the staff at all of Australia's universities.

OO 02	Mandatory	Peering	General
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**OO 02.1** Select the location of your organisation's headquarters.

Australia

**OO 02.2** Indicate the number of countries in which you have offices (including your headquarters).

- ☒ 1
- ☐ 2-5
- ☐ 6-10
- ☐ >10

**OO 02.3** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

500

**OO 02.4** Additional information. [Optional]

UniSuper has a larger staff than many other Australian superannuation funds as UniSuper conducts all of its own member services activities, and fund administration internally and has its own internal call centre. Whereas, many Australian super funds outsource these functions.

In addition to this, UniSuper has an in-house investment team, comprised of 40 staff - the team is responsible for both managing assets and for appointing external managers. This is a function that many Australian superannuation funds also outsource.

OO 03	Mandatory	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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☐ Yes

☒ No

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2014

OO 04.2	Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.
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	trillions	billions	millions	thousands	hundreds
Total AUM		46	800	000	000
Currency	AUD				
Assets in USD		43	491	271	863

OO 04.5	Indicate the level of detail you would like to provide about your asset class mix.
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☐ Approximate percentage breakdown to the nearest 5% (e.g. 45%)

☒ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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OO 06.1	To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.
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☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	10-50%
Fixed income – corporate	<10%	<10%
Fixed income – government	<10%	<10%
Fixed income – other	<10%	<10%

Private debt	0	0
Private equity	0	<10%
Property	<10%	0
Infrastructure	<10%	<10%
Commodities	0	0
Hedge funds	0	0
Forestry	<10%	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	<10%
Other (1), specify	0	0
Other (2), specify	0	0

☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

#### OO 06.2

#### Additional information. [Optional]

UniSuper invests across a range of asset classes, and has a major focus on equities and fixed income. UniSuper has some exposure to private equity, however, over the last 5 years sought to sell down and continually reduce its private equity exposure. We do not believe the returns justify the fees and also have governance concerns regarding PE. Likewise, UniSuper does not invest in hedge funds and key reasons for this include the opaque nature of hedge funds, difficulty in assessing governance practices, the high fees and our lack of comfort with the risk/return profile of hedge funds.

#### OO 09

#### Voluntary

#### Descriptive

#### General

#### OO 09.1

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

UniSuper is the superannuation fund for Australia's higher education, university and research sector, and takes seriously the responsibility it has for managing its members' retirement savings.

UniSuper has ~450,000 members who are highly engaged and focused on their superannuation and ESG issues more broadly.

Strong investment governance processes and a disciplined approach to looking at risk and return guide UniSuper in all investment decisions. Furthermore, UniSuper is managed in accordance with the best interests of all members and is overseen by an experienced Trustee Board on which there are three independent directors, in addition to the member and employer nominated directors.

In managing investment risk, we seek to mainstream ESG considerations across all of our investments (where appropriate and possible to do so) and we also offer 3 specifically themed products to our members (two sustainable options and a Global Environmental Opportunities option).

We do not generally adopt a screening approach to ESG / responsible investing, rather, we focus on integration and being an active owner. However, in 2011 we took the decision exclude tobacco from our entire investment portfolio, given our concerns over the sustainability of the tobacco industry. We were the second fund in Australia to do so.

Further, our sustainable options, as of 2014 now also have additional screens applied to them - they now also exclude alcohol, gaming, weapons and fossil fuel producers and explorers (in addition to the fund wide screen on tobacco).

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.  <input checked="" type="checkbox"/> We incorporate ESG issues into investment decisions on our internally managed assets <input checked="" type="checkbox"/> We engage with companies on ESG issues via our staff, collaborations or service providers <input checked="" type="checkbox"/> We cast our (proxy) votes directly or via service providers <input checked="" type="checkbox"/> We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes <input type="checkbox"/> None of the above		
OO 10.3	Additional information. [Optional]  UniSuper adopts a three pillared approach to integrating ESG into its investment processes and to being a responsible investor. UniSuper: <ol style="list-style-type: none"> <li>1. Is an active owner - we vote and we engage with companies in which we are invested and take on an active stewardship role</li> <li>2. Undertakes investment specific ESG activities - e.g. include ESG in our stock templates, consider and discuss ESG as part of our stock selection decisions, review our external fund managers' approach to ESG, offer our members themed sustainability options</li> <li>3. Collaborate with others - we work with other investors and within industry groups to achieve positive ESG/responsible investment outcomes</li> </ol>		
OO 11	Mandatory	Gateway	General

**OO 11.1**

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☐ Fixed Income – other
- ☒ Property
- ☒ Infrastructure
- ☒ Forestry
- ☐ Cash
- ☐ None of the above

**OO 11.2**

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☒ Fixed Income – other
- ☐ Private equity
- ☒ Infrastructure
- ☐ Cash
- ☐ None of the above

**OO 12****Mandatory****Gateway****General****OO 12.1**

The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

**Core modules**

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- ☒ Listed Equity incorporation

#### Direct - Listed Equity active ownership

- ☒ Engagements
- ☒ (Proxy) voting

#### Direct - Fixed Income

- ☐ Fixed Income - Corporate
- ☐ Fixed Income - Government

#### Direct - Other asset classes with dedicated modules

- ☐ Property
- ☐ Infrastructure

### **RI implementation via external managers**

#### Indirect - Selection, Appointment and Monitoring of External Managers

- ☒ Listed Equities
- ☐ Fixed Income - Corporate
- ☐ Fixed Income - Government
- ☐ Fixed Income - Other
- ☐ Infrastructure

### **Closing module**

- ☒ Closing module

# UniSuper Management Pty Limited

## Reported Information

### Public version

### Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- ☒ Yes  
☐ No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- ☒ Yes  
☐ No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

We have prepared a new overarching Sustainable Investment policy which was approved at the end of 2013 and now replaces the two prior existing policies that were in place from 2007. The Sustainable Investment policy relates to corporate governance and sustainable investing and applies to all asset classes. We also have a range of ESG information available on our website and we prepare a six monthly Responsible Investment report, which is also available on our website.

Due to our asset class mix, our main ESG / Responsible Investment focus to date has been on our equity exposure as this is where the vast majority of funds are invested.

We are currently assessing how to be more active with regard to fixed income and we undertake a range of activities on our property and infrastructure investments, however, these tend to be issue based and more ad hoc than with our equities ESG activities. For example, we conduct ESG due diligence when considering whether to acquire an infrastructure asset (however, we make such acquisitions infrequently, e.g. every 2-3 years). In making infrastructure investments we also ensure that we get a seat on the board so that we can maintain governance oversight of the asset and the way in which it is being managed and operated.

In making investments, we see ourselves as entering into a long term partnership with the entity in which we are investing and we apply a 'quality' overlay to our investment approach in that with every investment we:

- Recognise that we are responsible for managing our members' life savings
- Apply a disciplined approach at looking at risk and return
- Have a preference for quality companies at sensible valuations

We look for strong assets that have 'fortress' like competitive industry positions, with strong fundamentals and asset valuations that make sense.

ESG and responsible investing is strongly tied to this and we always seek to be commercial and pragmatic in our approach. In summary:

1. We seek to be an active share owner
2. We seek to integrate ESG (identify the risks and manage them where possible)
3. We collaborate with others
4. We offer sustainable and environmental themed investment options to our members
5. In very limited circumstances we screen out sectors (e.g. Tobacco which is screened from the entire fund) . Further in 2014 we took the step of applying additional screens to our sustainable options which now also exclude alcohol, gaming, weapons and fossil fuel producers and explorers



OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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☒ Yes

OA 02.2	Provide a URL to your responsible investment policy.
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	URL
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<http://www.unisuper.com.au/investments/investment-approach/responsible-investing>

☐ No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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☒ Yes

☒ Yes, all

☐ Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
All ESG information	<a href="http://www.unisuper.com.au/investments/investment-approach/responsible-investing">http://www.unisuper.com.au/investments/investment-approach/responsible-investing</a>

☐ No

OA 02.5	Additional information. [Optional]
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We disclose all ESG information on our website, including our six monthly responsible investment reports.

Further, given that our membership base is highly engaged, we receive large number of member queries regarding ESG issues. These are often highly specific queries and we specifically respond to each and every individual member queries.

We are open and transparent in communicating with our members.

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**OA 03.2**

Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

Our Sustainable Investment policy and ESG approach apply to all asset classes. However, because of our large equity exposure, our main focus tends to be on equities.

**OA 03.3**

Additional information. [Optional]

With regard to our directly held unlisted infrastructure and property investments, we appoint nominee directors to those boards. These nominee directors maintain high levels of oversight on our behalf regarding all matters relating to the management of those assets, including ESG issues.

**OA 04**

**Mandatory**

**Core Assessed**

**General**

**OA 04.1**

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

☒ Yes

**OA 04.2**

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Our Investment Procedures Manual specifically makes provision in relation to conflicts of interest and their management. The Investment Committee (IC) is charged with overseeing conflict of interest management in UniSuper's investment process and the IC must comply with the IC code of conduct. All IC members and investment staff are required to maintain a register of personal interests.

Internally - UniSuper has a securities trading policy and approval process in place - "UniSuper Restricted Securities Trading Policy". Investment staff are not allowed to accept any gifts and may only accept some forms of entertainment and only in certain circumstances.

Externally - UniSuper includes clauses in the Investment Management Agreements regarding conflict of interest management. Our investment managers are required to manage material sources of conflict in accordance with their own or industry codes of practice.

Further from a governance perspective, where we have participated in a corporate action, such as a rights issue or equity raising, we do not vote as part of the shareholder approval process.

☐ No

## Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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**OA 05.1** Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

**OA 05.2** Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year  
☐ Less than once per year

**OA 05.3** Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☐ Quarterly  
☒ Biannually  
☐ Annually  
☐ Every two years or less  
☐ It is not reviewed

☐ No

**OA 05.4** Additional information. [Optional]

Each year we assess what the key areas of ESG/Responsible Investment focus will be. Throughout the year we then assess how we have progressed.

However, the area of ESG/Responsible Investment is such that many issues materialise throughout the year and will attract specific attention and focus. It is not possible to pre-empt what these matters will be and therefore it is not possible to specifically include them in the objective and goal setting process.

OA 06	Voluntary	Descriptive	General
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**OA 06.1** List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

☒ Add responsible investment objective 1

Objective 1	Conduct a climate risk analysis of our listed equity portfolio
Key performance indicators	A completed climate risk assessment
Describe the progress achieved	Carbon risk analysis was conducted.

☒ Add responsible investment objective 2

Objective 2	Increase the the level of ESG focus on international companies
Key performance indicators	Increased levels of ESG engagement with international companies
Describe the progress achieved	We have ongoing increased levels of dialogue with global companies

☒ Add responsible investment objective 3

Objective 3	Continue our dialogue with equities fund managers and focus more on fixed income
Key performance indicators	Develop clearer ESG approach regarding fixed income
Describe the progress achieved	We have a dedicated ESG focal point for fixed income and this is a matter that continues to receive increased focus

<b>OA 06.2</b>	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
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☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Increased engagement with domestic companies
Key performance indicators	Increased contact with companies

☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Increase the the level of ESG focus on international companies
Key performance indicators	Increased levels of ESG engagement with international companies

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Assess the ESG risk exposure of our equities portfolio
Key performance indicators	A completed ESG risk exposure analysis

<b>OA 06.3</b>	Additional information.
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While it is possible to set objectives regarding ESG, our main focus is always on being an active owner and seeking to identify appropriate opportunities to further consider ESG. We do not adopt a prescriptive objective setting approach as this can result in an inability to respond and adapt to situations and issues as and when they arise.

## Governance and human resources

<b>OA 07</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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<b>OA 07.1</b>	Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.
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Our Chief Investment Officer provides primary oversight. Some matters are raised at the Investment Committee and Board level. However, as a matter of practice, ESG / Responsible Investing is part of our day to day investment management practices. We believe this is an administratively efficient way of implementing ESG.

Under our CIO there are asset class "Heads of" - who then oversee the management of their asset classes with their respective teams.

The Head of Equities plays a significant role in championing the importance of ESG across the investment process.

The Manager, Governance and Sustainable Investments and one of our Senior Investment Analysts support the implementation of ESG/Responsible Investing across the asset classes. In addition, there are two other investment team members who are ESG focal points / back up analysts.

Consideration of ESG and the integration of ESG occurs across all levels of the investment team and is a matter that all people in the investment team are focused on.

Further, while our CEO does not maintain direct oversight of ESG in investments, he is well briefed on all matters and becomes involved from time to time. He also plays a key role in publicly promoting our responsible investment practices.

☐ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

<b>OA 08</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>General</b>
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<b>OA 08.1</b>	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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## Roles present in your organisation

- ☒ Board members or trustees
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other Chief-level staff or head of department, specify
- ☒ Portfolio managers
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify
- ☐ Other role, specify

**OA 08.2**

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

2

**OA 08.3**

Additional information. [Optional]

All members of the investment team are seen to have a role in implementing ESG/Responsible Investment practices. While there are ESG technical specialists, ESG is a matter that all investment staff are focused on. The ESG specialists work on specific projects, provide ESG specific information and data, support and educate the investment staff and perform an ESG champion role.

## Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
 [Optional]

Seek to apply the PRI, attend PRI roundtable briefings in Australia and provide feedback to the PRI secretariat.

☒ Asian Corporate Governance Association

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
 [Optional]

Participate in calls and briefings

☐ Association for Sustainable & Responsible Investment in Asia

☒ Australian Council of Superannuation Investors

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Participates in Member Council meetings, and also sits on the board of directors.

☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic  
☐ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Signatory

☐ CDP Forests

☒ CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic  
☐ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Signatory

☒ CFA Institute Centre for Financial Market Integrity

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Participant in CFA roundtables

- ☐ Council of Institutional Investors (CII)  
☐ Eumedion  
☒ Extractive Industries Transparency Initiative (EITI)



Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Signatory and participate in a range of related activities, e.g Oxfam mining symposiums, Transparency International etc

- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Focus on policy documents and dialogue.

- ☒ Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Participate in IGCC member meetings and discussions.

- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify RIAA

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

UniSuper has been a member of RIAA for a number of years.

- ☐ Shareholder Association for Research and Education (Share)  
☐ United Nations Environmental Program Finance Initiative (UNEP FI)  
☐ United Nations Global Compact  
☒ Other collaborative organisation/initiative, specify

ESG Research Australia

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

For the first 5 years of ESG RA UniSuper was on the ESG RA committee and also judged the ESG RA awards. UniSuper stepped down from the committee, but remains involved in ESG RA as an organisation.

- ☒ Other collaborative organisation/initiative, specify  
Responsible Investment Association of Australasia

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Involved on an ongoing basis

- ☐ Other collaborative organisation/initiative, specify  
☐ Other collaborative organisation/initiative, specify

OA 10.2	Additional information. [Optional]
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UniSuper participates in a broad range of collaborative groups. Due to time constraints and the fact that 70% of our listed equities are in Australia, our primary focus is on local initiatives including ACSI, ESG RA, RIAA and the IGCC.

With regard to ACSI, UniSuper sits on ACSI's board and UniSuper actively participates in the ACSI Member Council.

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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☒ Yes

OA 11.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☐ Provided financial support for academic or industry research on responsible investment
- ☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☐ Wrote and published in-house research papers on responsible investment
- ☐ Encouraged the adoption of the PRI
- ☒ Other, specify

Presentations at all internal staff inductions, and presentations to our financial advisors. We also focus on ESG in presentations to our members

☐ No

OA 11.3	Additional information. [Optional]
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UniSuper's members, who come from the higher education and research sector, are highly engaged regarding ESG issues. We seek to communicate with our members regarding ESG related issues. This includes webinars, investment updates, the preparation of a six monthly responsible investment reports and discussion of ESG issues at member seminars. We also receive high levels of member queries regarding specific ESG issues and we therefore spend significant amounts of time investigating the issues raised and transparently responding to these queries.

In addition to this, UniSuper also conducts a large number of presentations regarding ESG in a number of different forums. These presentations are conducted by not only the Manager, Governance and Sustainable Investment, but also by the Head of Equities, the CIO and the CEO.

## ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
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<b>OA 13.1</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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☐ Yes

☒ No

<b>OA 13.3</b>	Additional information.
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As mentioned previously, UniSuper applies a "quality" overlay to its investment approach. As a consequence we tend to have a very low level of investment in emerging markets and no exposure to frontier markets, where ESG practices tend to be lower than in developed markets.

ESG considerations do not specifically inform our approach to strategic asset allocation. Our SAA is prepared using econometric modelling which considers returns, the relationship of returns between asset classes and the volatility of returns and then looks at all of these matters in relation to the fund's pension liabilities. We are still not yet clear on how ESG would form part of our SAA process because we are not targeting ESG themed investments as part of our SAA and we believe it is difficult to mathematise ESG.

We therefore seek to integrate and apply ESG considerations as a qualitative common sense overlay.

#### Asset class implementation not reported in other modules

<b>OA 15</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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<b>OA 15.1</b>	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - corporate	<p>Our approach to incorporating ESG into our fixed income portfolio is evolving. It is a matter that we consider, but unlike equities, it is less clear to us as to the best approach to adopt.</p> <p>As it currently, stands, we:</p> <ul style="list-style-type: none"> <li>&gt; Screen tobacco.</li> <li>&gt; Do not invest in frontier markets.</li> <li>&gt; When buying such corporate debt we apply a common sense ESG overlay and assess the ESG risks associated with the specific company in question.</li> </ul> <p>As it currently stands, we believe the companies in the portfolio have low levels of intrinsic ESG risk.</p> <p>In late 2014 we purchased some NAB (National Australia Bank) green bonds to include in the fixed income portfolio that comprises part of our sustainable balanced option. We are actively looking at other green bond opportunities.</p>
Fixed income - government	<p>We only invest in Australian Government debt. Therefore, we do not apply any country screens.</p> <p>Again, there is a low level of intrinsic ESG risk. We are not investing in the sovereign debt of countries with egregious social and environmental practices.</p> <p>We do not believe there is much we could do regarding ESG from an Australian Government debt perspective.</p> <p>There is no place to make comments about 'FIXED INCOME OTHER' - in this regard, we note that UniSuper cornerstoned the first World Bank green bond issue into the Australian marketplace in 2014. We are actively looking at other green bond opportunities.</p>
Property	<p>We invest in direct office and industrial property. The managers in place have strong ESG attributes and credentials - e.g. AMP, Lend Lease, GPT.</p> <p>We focus on quality assets with NABERS and / or GreenStar ratings. The property managers report on a broad range of ESG metrics, e.g. water, waste and energy consumption.</p> <p>We also have a strong focus on risk management, OHS and corporate governance. e.g. independent directors and investor committee. Consequently we have a high level of engagement regarding governance matters.</p> <p>Our property managers also have a high level of engagement with tenants regarding ESG matters.</p> <p>We consider the ESG characteristics associated with new investments and monitor managers in regard to their ESG performance.</p> <p>Further at the end of 2014 UniSuper commissioned a detailed study into the remuneration practices at listed real estate investment trusts in Australia (AREITs). This will form the basis for engagement with AREITS regarding their remuneration practices in 2015.</p>
Infrastructure	<p>UniSuper has substantial investments in a number of major infrastructure assets. These assets include the Victorian Desalination Plant (an asset important to ensuring Victoria's water supply), the Victorian Comprehensive Cancer Centre (a critical piece of social infrastructure) and transportation (airports and toll roads). We tend to focus on equity investments in infrastructure and take a significant minority stake.</p> <p>Acquisition - We do not routinely acquire infrastructure, however, when we do, we conduct ESG due diligence as part of the due diligence process. We identify what ESG risks are present, the materiality of those risks, how those risks will be managed (via management plans, contractual clauses etc) and then make an assessment of whether we are comfortable with those risks.</p> <p>In making infrastructure investments we focus on ensuring there is a quality board in place, quality management teams and the quality of the overall environmental and social management practices.</p> <p>Asset management - UniSuper, where it has the right to do so appoints nominee directors to the</p>

	<p>boards of the infrastructure assets in which it is invested. These directors maintain direct line of sight and provide oversight the ESG issues arising at those assets.</p> <p>In 2011 we conducted a study (internally) of how our unlisted infrastructure and property assets were positioned with regard to climate change.</p> <p>In appointing third party operators we consider ESG issues and particularly community, safety and environmental management practices.</p> <p>We do not seek to obtain formal ESG/sustainability reports from the asset manager, we believe this is covered off by our nominee directors and their role on the board.</p>
Forestry	<p>UniSuper holds investments in a number of forestry assets in Australia and New Zealand. These are long standing investments and we have not made any acquisitions in a number of years.</p> <p>Asset management - UniSuper has the right to appoint nominee directors to the boards of the timber assets we are invested in. These directors maintain direct line of sight and provide oversight of the ESG issues arising at those assets. They also report back to Unisuper management regarding key ESG issues and risks.</p> <p>We maintain active oversight of the occupational health and safety performance of these assets.</p>

<b>OA 15.2</b>	Additional information.
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The vast majority of our investments are in equities and fixed interest and this is where much of our time focused on ESG is spent. However, we do focus on ESG more broadly across all investments and it is a matter which is in many instances addressed on a case by case basis as is evidenced in our approach to timber or infrastructure.

OA 16	Voluntary	Descriptive	General
<b>OA 16.1</b>	Describe how you address ESG issues for externally managed assets for which you are not required to report because your assets are below the minimum threshold.		

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - corporate	<p>We are constantly looking at fixed interest and precisely how to best integrate ESG into the investment process.</p> <p>At the end of 2014 we again wrote to our fixed income managers to obtain information on their investment processes and the integration of ESG. We are yet to receive these responses. [NB we write to our fixed income and equities managers every second year requesting detailed information on their ESG practices]</p>
Fixed income - government	<p>We are constantly looking at fixed interest and precisely how to best integrate ESG into the investment process.</p> <p>We do not invest in frontier market sovereign debt. Most of our government debt is Australian government debt.</p> <p>At the end of 2014 we again wrote to our fixed income managers to obtain information on their investment processes and the integration of ESG. We are yet to receive these responses. [NB we write to our fixed income and equities managers every second year requesting detailed information on their ESG practices]</p>
Fixed income - other	
Infrastructure	<p>Our holding in Brisbane Airport is via Colonial First State. Colonial is a recognised responsible investor and we are confident in the approach that it adopts. Further, Brisbane Airport is a recognised sustainability leader and has received a number of sustainability awards - e.g. In 2014 it received the '2014 Healthy Waterways Sustainable Water Management Award', the 'The Business Eco-efficiency Award' in the 2014 Premier's Sustainability Awards and in 2013 it received the '2013 Sustainability in Business Award' at the 2013 Lord Mayor's Business Awards.</p>

<b>OA 16.2</b>	Additional information.
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We have not made any new manager appointments regarding the above asset classes in a number of years. If we were to do so, ESG would be one of the issues that we would assess as part of the appointment process.

## Innovation

OA 18	Voluntary	Descriptive	General
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<b>OA 18.1</b>	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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☒ Yes

<b>OA 18.2</b>	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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UniSuper places great importance on being a responsible investor. In doing so, we are an active owner, we seek to incorporate ESG into the investment decision making process and we seek to collaborate, as well as also sharing our learnings both with our members and also more broadly.

In addition to this, we believe it is important to recognise that:

> UniSuper's approach to ESG and Responsible Investing is to adopt a logical and incremental process and we only take action where we believe it is of benefit to our members.

> UniSuper has a focus on "quality" assets at the right price. These tend to be assets with strong competitive positions within given industries, in which we take substantial positions and hold for the long term. In doing so, we view ourselves as being in partnership with the company and believe that building an ongoing respectful relationship is critical. We actively seek out company management and the board and vice versa to discuss all issues of concern and our expectations. In doing so, we also highlight to those companies (and others that we engage with) what issues are of concern to our members. This is an on-going process of engagement.

More broadly, in the Australian marketplace we have been proactive in contacting companies to engage with directly. In 2011 we first wrote to all ASX 100 companies introducing ourselves and requesting that companies include us on their investor and board roadshows. Since that time we have had increasing levels of company engagement. We still seek out companies to speak to, but they also seek us out and want to know what our views on issues are. This trend has continued and 2014 was no different.

> in 2014 we found that all but one of our top 20 domestic holdings have an MSCI ESG rating of A or above

> We do not currently screen out fossil fuels. However, in 2012 we provided our members with the ability to invest in a Global Environmental Opportunities Option which excludes fossil fuels and focuses on companies that are involved in clean energy, energy efficiency, clean water, green buildings and pollution control. We are also actively looking at how else we can best meet our members' needs and expectations regarding fossil fuel investments. We also provide two sustainable options to our members which as of 2014 also exclude fossil fuels as well as a range of other industries, including alcohol, weapons and gaming (in addition to the UniSuper fund wide screen on tobacco)

> We are increasingly internalising management of our members' assets (currently 57.9% of assets under management are managed internally). This enables greater ESG insight and control.

> With regard to international equities, we increasingly take positions via specific sectors (e.g. Technology, Healthcare, Infrastructure) and via specific regions (e.g. Japan). This differs from many other superannuation and pension funds which primarily invest via broad global share mandates.

○ No



# UniSuper Management Pty Limited

## Reported Information

### Public version

#### Indirect – Manager Selection, Appointment and Monitoring

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

SAM 01	Voluntary	Descriptive	PRI 1-6
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### SAM 01.1

Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

- > UniSuper has, for a number of years, included ESG as part of its manager selection, appointment and monitoring process.
- > We do not use an asset consultant and we meet with many managers looking to win mandates from UniSuper. In meeting with these managers we always ask them about their ESG process and approach
- > When appointing a manager we ask them about their ESG process and approach and to provide relevant documentation to us
- > When conducting annual incumbent manager reviews, ESG is a formal part of this review process
- > Initially every year, and now every two years, we ask managers to provide detailed responses to a range of ESG related questions so that we can track ESG progress, performance and highlights. We are currently in the process of doing so for CY 2013 and 2014.
- > On an ad hoc basis (multiple times per year) we will pose specific ESG questions of our managers on topical issues both to inform us of their approach and thinking but also as a way of gauging how deeply they are thinking about ESG issues

SAM 02	Mandatory	Core Assessed	PRI 4
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### SAM 02.1

Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

- ☐ Yes  
☒ No

### SAM 02.4

Additional information. [Optional]

UniSuper has long believed in the importance of limiting intermediation in the investment supply chain consistent with the findings of the 2012 Kay Report.

Consequently, UniSuper does not use an asset consultant in making manager appointments and only utilises asset consultant information on an ad hoc basis. All manager selection and reviews are conducted by UniSuper's internal investment team. This limits the costs to our members and also ensures that we maintain direct oversight of our fund managers and can focus on the issues that are of importance to us.

SAM 03	Mandatory	Gateway	General
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### SAM 03.1

Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

### Overview

<b>SAM 05</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>PRI 1,2</b>
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#### SAM 05.1

Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:

#### Active investment strategies

Active investment strategies	LE		
Screening	<input checked="" type="checkbox"/>		
Thematic	<input type="checkbox"/>		
Integration	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

#### Passive investment strategies

Passive investment strategies	LE		
Screening	<input checked="" type="checkbox"/>		
Thematic	<input checked="" type="checkbox"/>		
Integration	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

#### SAM 05.2

Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

	<b>LE</b>	
We engage directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>	
We require our external managers to engage on our behalf	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	

#### SAM 05.3

Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

	<b>LE</b>
We cast our (proxy) votes directly or via service providers on our externally managed assets	<input checked="" type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

#### SAM 05.4

Additional information. [Optional]

Themed investments:

Please note -

> We seek to mainstream ESG into our investment practices and processes and to identify and manage ESG risks. We do not target ESG themed investments.

> However, to cater to member choice we do offer themed investment options that members may opt into (namely a Global Environmental Opportunities Option and two sustainable options). These are both passively managed.

> We do not typically screen sectors from our portfolio. However, UniSuper was one of the first Australian funds to screen tobacco entirely from its investment portfolio. We did so in mid 2012.

> The international equities component of our sustainable options is managed externally and it has additional screens in place, namely alcohol, gaming, weapons and fossil fuel producers and explorers.

Voting -

> With regarding to voting on external portfolios, we believe this is an important part of the investment management process and we believe our managers bring important commercial perspectives to bear. However we do retain the right to override/instruct the managers to vote in a particular way should we see fit.

> For one passively managed external international portfolio we have a proxy voting service provider conducting the voting for us.

### Selection

<b>SAM 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1-6</b>
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**SAM 06.1**

Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:

**General**

	<b>LE</b>		
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>		
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>		
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>		
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>		
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>		
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input type="checkbox"/>		
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>		
Discuss the type of ESG reporting you expect	<input checked="" type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>		
Other general aspects in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

**ESG incorporation**

	LE		
Evaluate the quality and coverage of ESG research used by managers	<input checked="" type="checkbox"/>		
Assess how the manager incentivises brokers to provide ESG research	<input checked="" type="checkbox"/>		
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>		
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input checked="" type="checkbox"/>		
Evaluate index providers' ESG incorporation when designing the index	<input type="checkbox"/>		
Other ESG incorporation issues in your selection process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

#### Engagements

	LE	
Discuss the managers' engagement processes	<input checked="" type="checkbox"/>	
Discuss the role managers have played in influencing companies' ESG practices and performance	<input checked="" type="checkbox"/>	
Discuss how information gained through engagement is incorporated into investment decision-making	<input checked="" type="checkbox"/>	
Other engagement issues in your selection process, specify	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	

#### (Proxy) voting

	<b>LE</b>
Discuss the managers' voting processes	<input checked="" type="checkbox"/>
Discuss how information gained through research for (proxy) voting is used in investment-decision making	<input type="checkbox"/>
Other (proxy) voting issues in your selection process, specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

If you select any 'Other' option(s), specify

The above mentioned items form part of the investment manager selection process but are also then iteratively touched on, on an ongoing basis. As such, we are constantly asking questions of our managers about all of these issues.

#### **SAM 06.2**

Provide additional information relevant to your organisation's selection approach for listed assets. [Optional]

Please note that the international equities component of the sustainable option is passively managed and the ESG / sustainability capabilities of the index provider are of paramount importance.

### **Monitoring**

<b>SAM 08</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
<b>SAM 08.1</b>	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:		
	General		

	LE		
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>		
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>		
Review the manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>		
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input type="checkbox"/>		
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted risk or volatility	<input type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input type="checkbox"/>		
Other general aspects of your monitoring, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

#### ESG incorporation

	LE		
Request information on ESG incorporation in specific investment decisions	<input checked="" type="checkbox"/>		
Other ways you monitor ESG incorporation, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

#### Engagements



	LE	
Review the ESG information relevant to the engagements	<input checked="" type="checkbox"/>	
Discuss the number of engagements and their comprehensiveness	<input checked="" type="checkbox"/>	
Discuss the type of role played (i.e. leading or supporting)	<input type="checkbox"/>	
Review the progress of ongoing engagements and/or outcomes of completed engagements	<input type="checkbox"/>	
Other ways you monitor engagement activities, specify	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	

(Proxy) voting

	LE
Review the number or percentage of votes cast	<input checked="" type="checkbox"/>
Request an explanation of reasons for votes cast	<input checked="" type="checkbox"/>
Discuss whether companies were informed of the reasons for votes against management recommendations or abstentions/withheld votes	<input checked="" type="checkbox"/>
Review the number of resolutions on ESG issues filed or co-filed	<input type="checkbox"/>
Discuss the changes in company practice (outcomes) that have been achieved from voting activities	<input checked="" type="checkbox"/>
Other ways you monitor (proxy) voting activities, specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

If you select any 'Other' option(s), specify

- > We encourage our managers to collaborate with us. We do not encourage them to collaborate more broadly. It is a matter that is entirely up to them and their investment processes.
- > In almost all manager meetings we discuss ESG issues, both to obtain information about specific issues, but also to obtain an understanding of how fund managers consider ESG as part of their investment process.
- > On an ad hoc basis, we will send information requests to managers, regarding specific ESG issues and ask for their analysis / views - this is a good way of testing them in reality and how they are thinking about live issues
- > With regard to proxy voting, we will frequently engage with our managers regarding their voting intentions and to understand how they are thinking about the issues

> With regard to engagements, we do not review comprehensiveness (this will often be clear in talking with them about their engagement activities) nor do we assess whether they had a leading or supporting role. In our view, the importance of engagement stems from building a relationship with the investee company and having an open dialogue. In some instances it may lead to change, but importantly it leads to greater mutual understanding and also to companies understanding that investors are focused on ESG issues and that they are of importance to investors

> We do not view filing of ESG resolutions as being indicative of good ESG practice and therefore do not focus on this

<b>SAM 08.2</b>	Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]
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In summary, we:

- > Discuss ESG with all managers we meet with (as we do not use an asset consultant and therefore meet with many managers to understand their offerings)
- > Discuss ESG and seek to understand a managers approach to ESG during the appointment process
- > Include ESG as part of the annual manager review process
- > Send frequent ad hoc ESG information requests to managers throughout the year
- > Frequently engage with our managers regarding proxy voting matters
- > Have our managers respond to an ESG survey that we conduct every 2 years (we previously did this annually however we found that this was too frequent). We are currently in the process of doing this survey for CY 2014

<b>SAM 09</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>SAM 09.1</b>	For the listed equities where you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year.
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☒ We track or collect this information

	Votes cast (to the nearest 5%)
--	--------------------------------

	%
--	---

100

	Specify the basis on which this percentage is calculated
--	--

- ☐ Of the total number of ballot items on which they could have issued instructions
- ☒ Of the total number of company meetings at which they could have voted
- ☐ Of the total value of your listed equity holdings on which they could have voted
- ☐ We do not track or collect this information

<b>Communication</b>
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<b>SAM 16</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**SAM 16.1**

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

- ☒ Yes, we disclose information publicly

provide URL

<http://www.unisuper.com.au/investments/investment-approach/responsible-investing/responsible-investment-reports>

provide URL

<http://www.unisuper.com.au/investments/who-manages-your-investments/external-investment-management>

**SAM 16.2**

Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

- ☒ Yes

**SAM 16.3**

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

- ☒ How responsible investment considerations are included in manager selection, appointment and monitoring processes
- ☒ Details of the responsible investment activities carried out by managers on your behalf
- ☒ E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
- ☐ Other, specify

- ☐ No

- ☐ Yes, we disclose information to clients/beneficiaries only
- ☐ We do not proactively disclose information to the public and/or clients/beneficiaries

**SAM 16.4**

Additional information. [Optional]

We prepare 6 monthly responsible investment reports which from report to report disclose a variety of different information.

In addition, we provide detail on our website regarding our external manager selection process and this includes explicit reference to ESG.

In 2014 our CIO also wrote 3 investment updates concerning ESG related matters and these were emailed to all members and published on our website.

# UniSuper Management Pty Limited

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

LEI 02	Voluntary	Descriptive	PRI 1
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**LEI 02.1** Provide a brief overview of how you incorporate ESG issues into listed equity investments.

In managing our internal listed equity exposure we adopt a common sense ESG overlay. In doing so, we seek to understand what we are investing in, what risks (including ESG risks) are present and to then establish whether we are comfortable with those risks.

We only invest in developed market companies and have a strong focus on quality - quality companies, quality management, and strong balance sheets.

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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**LEI 03.1** Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	<div> <div></div> <div>%</div> </div> 100
--	---

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed listed equities

100%

**LEI 03.2**

Describe your primary reasons for choosing a particular ESG incorporation strategy.

Screening:

&gt; We screen out tobacco across the entire fund (i.e. 100%)

Integration:

&gt; We seek to integrate ESG considerations across all investments. We are a mainstream investor (therefore we are not focused on thematic ESG plays) and seek to ensure that we understand all risks (including ESG risks) facing our investments. We seek to do this across the entire fund.

&gt; This goes to ensuring well informed investment decisions and enables us to engage with companies regarding issues of significance or concern.

Screening / Integration:

&gt; Our sustainable options have a range of screens that are applied to them in addition to the fund wide tobacco screen, these include alcohol, weapons, gaming and fossil fuel producers and explorers. In addition to this, we seek to invest in only those companies that are the better sustainability performers as compared to their peers.

**LEI 03.3**

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

At all times, we seek to identify, understand and where necessary manage ESG investment risks. This is an ongoing iterative process.

**LEI 03.4**

Additional information. [Optional]

At all times, we seek to identify, understand and where necessary manage ESG investment risks. This is an ongoing, iterative process.

**LEI 04****Voluntary****Additional Assessed****PRI 1****LEI 04.1**

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

**Type of ESG information**☒ Raw ESG company data**Indicate who provides this information**☒ ESG research provider☒ Sell-side☒ In-house – specialised ESG analyst or team☐ In-house – analyst or portfolio manager☒ Company-related analysis or ratings**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Country-related analysis or ratings
- ☒ Screened stock list

**Indicate who provides this information**

- ☒ ESG research provider
- ☐ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

<b>LEI 04.2</b>	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
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Re 'screened stock list' above, it is actually provided by an index provider (S&P DJSI). No option was available above to indicate this.

In looking at ESG issues, UniSuper relies on a range of information sources:

- > A specialist ESG research provider (MSCI)
- > Specialist ESG analyst research and meetings with sell side brokers
- > Meetings with fund managers, other super funds and industry bodies
- > Other media - e.g. Transparency International, Oxfam, Business Human Rights Alert, Responsible Investor emails, various other email alerts
- > Web based research which identifies topics/issues of interest and various research reports and articles
- > Information from ESG index providers (S&P DJSI)

<b>LEI 04.3</b>	Indicate if you incentivise brokers to provide ESG research.
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☒ Yes

<b>LEI 04.4</b>	Describe how you incentivise brokers.
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> We tag brokerage specifically noting that it is in relation to ESG research

> We are a member of ESG Research Australia and have been on the ESG research judging panel for 5 years.

☐ No

<b>LEI 04.5</b>	Additional information.
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We rely on a range of information sources and data points.

The investments team at UniSuper is highly integrated and focused on ESG. Consequently, ESG related information is disseminated quickly and investigated where deemed necessary. Likewise, we also maintain close relationships with our peers, fund managers, industry groups, specialist analysts and sell side brokers who proactively provide us with ESG related information in a timely manner.

<b>LEI 05</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 05.1</b>	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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☒ Engagement

☒ We have a systematic process to ensure the information is made available.

☐ We occasionally make this information available.

☐ We do not make this information available.

☐ (Proxy) voting

<b>LEI 05.2</b>	Additional information. [Optional]
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> We conduct engagement activities, and we share the information and findings across the investment team.

> We do not make investment decisions based on proxy voting. We actually look at the investment implications of how we vote and then vote accordingly in a pragmatic manner having regard to investment and governance considerations.

## (A) Implementation: Screening

<b>LEI 06</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 06.1</b>	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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**Type of screening**



☒ Negative/exclusionary screening

**Screened by**

- ☒ Product
- ☐ Activity
- ☐ Sector
- ☒ Country/geographic region
- ☐ Environmental and social practices and performance
- ☐ Corporate governance

	Description
--	-------------

- > We screen out tobacco.
- > We screen out frontier markets.
- > We also screen out alcohol, gaming, weapons and fossil fuel producers and explorers from our sustainable options.
- > We have appointed an ESG research provider. This may, in time, lead to norms based screening (e.g. using the UN Global Compact).

- ☐ Positive/best-in-class screening
- ☐ Norms-based screening

**LEI 06.2**

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

The screening criteria are established infrequently.

- > Regarding tobacco, tobacco manufacturers are screened out.
- > Regarding frontier markets, we do not invest in frontier markets.

The decision to apply additional screens to our sustainable options was based on member feedback regarding their expectations of the sustainable options and what sectors should be excluded. When proposing to make these changes we wrote to all members in the sustainable options to notify them of these changes.

We also, when making such changes, make various disclosures within regulatory disclosure documentation, on our website and in CIO newsletters which are sent to our members on a monthly basis.

LEI 07	Mandatory	Core Assessed	PRI 1
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**LEI 07.1**

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☐ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

**LEI 07.2**

Additional information. [Optional]

The tobacco screen is based on an industry classification and it is applied by the fund managers and it is monitored at the custodian level as part of the compliance monitoring processes. It is a hard coded screen / exclusion - the custodian would automatically be alerted if a breach of this screen occurred and notify us in accordance with their contractual obligation to do so.

The additional screens that apply to the sustainable options are, per the above, also hard coded into the custodian's systems. These screens are based on the SPDJI screens. The fossil fuel producer and explorer screen is based on industry classification and this is also hard coded in to the custodian's systems.

Fund holdings are also reviewed on a periodic basis to ensure that they comply.

**LEI 08**

Voluntary

Additional Assessed

PRI 1

**LEI 08.1**

Indicate which processes your organisation uses to ensure that fund criteria are not breached

- ☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
  - ☒ Systematic
  - ☐ Occasional
- ☐ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

**LEI 08.2**

If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.

The screens are monitored by the custodian and are hard wired into their systems. So, if a breach occurred and a screened company was held, the custodian would be notified and they in turn would notify us.

We would sell down the exposure and undertake a review to understand how the breach occurred and identify how to prevent any similar breach from occurring.

We would also raise the issue with the fund manager in question as they would have committed a breach of the investment management agreement, and if relevant seek remediation should any losses to the fund have arisen

**LEI 08.3****Additional information.**

Please note that all investment management agreements (IMA) prohibit investing in tobacco and frontier markets (as applicable to the IMA in question).

Our custodian undertakes daily compliance checking for all portfolios.

### (C) Implementation: Integration of ESG issues

**LEI 10****Voluntary****Descriptive****PRI 1****LEI 10.1****Describe how you integrate ESG factors into investment decision making processes.**

We integrate ESG into our investment decision making process using a qualitative overlay. We do not seek, at this point, to value ESG risks or to underweight/overweight stocks based on ESG issues. Rather, we construct the portfolio and in doing so look at the risks present and consider whether based on the stocks selected we are comfortable with the ESG risks present. I.e. we validate the stock selection decisions using ESG as a check.

- > We are constantly seeking to remain abreast of key ESG issues and how they impact our portfolio
- > In doing so, we are constantly reviewing a range of materials and information sources to identify ESG issues and risks that we need to look at further and consider as part of our investment decision making process
- > When we identify any issues we discuss these as a team and we also engage with the company in question, our external managers that hold the stock and the sell side brokers that research the stock. This enables us to better and more comprehensively understand whether we are comfortable with the risks associated with owning the stock. It also ensures we build a relationship through dialogue with key intermediaries in the investment supply chain, and the investee company

**LEI 11****Mandatory****Core Assessed****PRI 1****LEI 11.1****Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.**

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

## Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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### LEI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- ☒ We disclose it publicly

Provide URL

<http://www.unisuper.com.au/investments/investment-approach/responsible-investing>

### LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☒ Yes

### LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- ☒ Broad approach to ESG incorporation  
☐ Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 18.7**

Additional information. [Optional]

In addition to our disclosures on line (including our twice yearly Responsible Investment Report), we directly respond to 100's of member queries on a broad range of ESG / equities issues every year.

We also include ESG as a discussion item in member seminars and other member related forums.

# UniSuper Management Pty Limited

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 01	Voluntary	Descriptive	PRI 2
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LEA 01.1	Provide a brief overview of your organisation's approach to engagement.
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UniSuper has a comprehensive approach to engagement. We believe being an active owner is central to ESG. In terms of engagement, we:

- Engage directly with company chairmen, directors, CEOs and other senior executives of the companies in which we are invested. In doing so, we are seeking to build a long term relationship which centres around open dialogue. More often than not we are not seeking to drive change. Rather, we are seeking to better understand key business drivers, the issues and how the company manages them. In some instances we may voice concern, depending on the significance and materiality of the issue. We also seek to clearly communicate that we see ourselves as a responsible shareowner and that our members also take ESG very seriously and accordingly it is critical to us that the companies in which we are invested manage ESG issues material to their business operations.
- The Australian Council of Super Investors also engages on our behalf with ASX300 companies on a range of ESG investment risks. ACSI is a collaborative membership organization of 37 funds, who invest over AUD\$1.6 trillion in assets under management. Engagement is typically undertaken in person by ACSI's analysts directly with the boards of ASX300 companies. In 2014, ACSI had engagements with 212 companies.
- IGCC also engage on our behalf
- We engage with our peers, both domestically and internationally. We seek to share our learnings and also to learn from our peers.

LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
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Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other, specify To understand key business drivers and the issues. To make clear we and our members are focused on ESG. To build a relationship <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

<b>LEA 02.2</b>	Additional information. [Optional]
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ACSI is classified as a service provider. However, we view its work as collaborative engagement.

ACSI's member funds are united by the beliefs that:

The short-term outlook of many participants in the investment system means that today's market prices may not capture all of the risks and opportunities inherent in the value of companies.

Responsible exercise of ownership rights by long-term asset owners can assist in improving that value and consequent investment return outcomes for their members.

The financial system is not always set up in the best long term interests of beneficiaries.

ACSI's mission is, therefore, to enhance sustainable long term value for the retirement savings that are entrusted to our Members as fiduciary institutional investors. ACSI achieves this by representing the collective rights and interests of Members through influencing companies, investors, government and opinion leaders.

## Process

### Process for engagements run internally

<b>LEA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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**LEA 03.1**

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

**LEA 03.2**

Describe how you identify and prioritise engagements.

UniSuper is constantly attuned to the need to remain abreast of key issues which may require engagement. We are therefore constantly reviewing a range of information sources to identify if and when engagement may be necessary.

We have company chairmen and CEO's coming in to meet with our portfolio managers routinely throughout the year. Typically our Manager, Governance and Sustainable Investment (GSI) will attend these meetings and the ESG engagement forms part of every meeting that we have. Where the Manager GSI is not present, she will flag key ESG issues to be raised with the company.

In addition to this, there are specific issues that we have raised with some companies as and when we believe it is necessary to do so.

We also engage with companies around proxy voting season to understand the issues coming up and to share our views.

We also engage with our largest holdings regarding sustainability issues.

☐ No

**LEA 04****Mandatory****Core Assessed****PRI 2****LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

☒ Yes

☒ Yes, for all engagement activities

☐ Yes, for the majority of engagement activities

☐ Yes, for a minority of engagement activities

☐ No

**LEA 04.2**

Indicate if you monitor the actions that companies take following your engagements.

☒ Yes

☐ Yes, in all cases

☒ Yes, in the majority of cases

☐ Yes, in the minority of cases

**LEA 04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

If we request a specific action we then track whether the activity has occurred or not.

Further, ACSI annually creates a list of engagement priority companies with specifically defined concerns and objectives for each company. Objectives are meaningful changes in company behaviour. ACSI also sets objectives for the proportion of all priority companies where objectives are met (for example, ACSI may aim for over 50% of all priority companies' objectives to be met).

Monitoring and evaluation is done through semiannual progress reports, itemized company by company and in aggregate, which are delivered to member funds.

Inbound engagements with companies that are not on the priority list also involve specific objectives, though typically less material. Monitoring of these is done through annual evaluation by ACSI's Member Council, and a range of internal reports. The results of these engagement meetings are also included in ACSI's proxy voting reports and surveys involving all companies in ACSI's universe (called "longitudinal" research projects).

☐ No

<b>LEA 04.4</b>	Additional information. [Optional]
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Our objective in any engagement is to:

1. Build a mutually respectful relationship which leads to open dialogue
2. Learn about the company in all aspects, including its approach to ESG
3. To emphasise the importance, to us and our members, of the company having good ESG practices in place at a strategic and operational level
4. In some instances, not all, to raise specific concerns and request specific action

### Process for engagements conducted via collaborations

<b>LEA 05</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 05.1</b>	Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.
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☒ Yes

<b>LEA 05.2</b>	Describe how you identify and prioritise collaborative engagements.
-----------------	---

We participate in a number of collaborative initiatives and we actively monitor the work of those initiatives to identify whether there are specific engagement activities that we want to take an active role in.

☐ No

<b>LEA 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 06.1</b>	Indicate if the collaborative engagements in which you are involved have defined objectives.
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☒ Yes

- ☐ Yes, for all collaborative engagement activities
- ☒ Yes, for the majority of collaborative engagement activities
- ☐ Yes, for a minority of collaborative engagement activities

☐ No

**LEA 06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

☐ Yes☒ No**LEA 06.4**

Additional information. [Optional]

We maintain oversight of the activities conducted, however we do not have a formal monitoring regime in place.

## Process for engagements conducted with/on your behalf by service providers

**LEA 07****Mandatory****Core Assessed****PRI 2,4****LEA 07.1**

Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

☒ Yes**LEA 07.2**

Indicate what role you play in engagements that your service provider conducts on your behalf.

- ☒ Specify the issues for the engagement
- ☐ Specify the objectives for the engagement
- ☐ Select the companies to be engaged with
- ☒ Participate directly in the engagements with your service provider
- ☒ Actively monitor and review the activities of the service provider
- ☐ Other, specify

☐ No**LEA 07.3**

Additional information. [Optional]

ACSI members, together with ACSI management, identify issues for engagement on an annual basis. Monitoring and review are done semiannually via progress reports and presentations.

While members do not "specify" the particular objectives for the engagement or companies to be engaged with, they do approve ACSI's choices (and can reject them).

Members also attend a number of engagements each year alongside ACSI staff. In many cases, several members attend a single meeting.

**LEA 08****Mandatory****Core Assessed****PRI 2,6****LEA 08.1**

Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- ☒ The subject (or ESG issue(s)) of engagement
- ☒ The objectives of the engagement
- ☒ The rationale for engagement
- ☒ The frequency/intensity of interactions with companies
- ☒ Progress towards achieving engagement goals
- ☒ Outcomes that have been achieved from the engagement
- ☒ Next steps for engagement activity
- ☐ Other, specify
- ☐ None of the above

**LEA 08.2** Additional information. [Optional]

ACSI presents progress reports and presentations semiannually as part of meetings of the ACSI Member Council, which is attended by all "full members" of ACSI. This forum is the formal opportunity to discuss ACSI's engagement activities.

Members are also able to discuss activities on an ad hoc basis with ACSI staff.

## General processes for all three groups of engagers

**LEA 10**

**Mandatory**

**Gateway/Core Assessed**

**PRI 2**

**LEA 10.1**

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Collaborative engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Service provider engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

## Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
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- ☒ We disclose it publicly

	provide URL
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<http://www.unisuper.com.au/investments/investment-approach/responsible-investing>

LEA 15.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- ☒ Yes

LEA 15.3	Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.
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	Engagement information disclosed
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- ☐ Details of the selections, priorities and specific goals of engagement
- ☐ Number of engagements
- ☒ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☐ An assessment of the current status of the engagement
- ☐ Outcomes that have been achieved from the engagement
- ☐ Other information

LEA 15.4	Indicate how frequently you typically report engagements information.
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- ☐ Disclosed continuously (prior to and post engagements)
- ☐ Disclosed quarterly
- ☒ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.8	Additional information. [Optional]
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We only disclose high level information.

If our members have specific questions of us, we may disclose particular engagement activity on a case by case basis, to those members that have made a particular enquiry.

## (Proxy) voting and shareholder resolutions

### Overview

LEA 16	Voluntary	Descriptive	PRI 2
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LEA 16.1	Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).
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Externally managed:

With regard to externally managed portfolios, it is required by our IMAs that managers vote their portfolios. We see this as being part of how they manage their investments. However, we retain the right to instruct them on how to vote / override their voting decisions. We frequently exercise this right and increasingly so.

Internally managed:

Domestically:

With regard to internally managed portfolios UniSuper obtains ACSI proxy voting advice, reviews it (and a range of other inputs, including discussions with specialist analysts and fund managers), draws upon its own external knowledge and expertise and then decides how it will vote.

Internationally:

With regard to internally managed portfolios, PIRC provides voting advice and executes the votes for UniSuper.

### Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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	Approach
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☐ We use our own research or voting team and make our own voting decisions without the use of service providers.

☒ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

#### Based primarily on

- ☒ the service provider voting policy signed off by us
- ☐ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) which make voting decisions on our behalf.

#### LEA 17.2

#### Additional information.[Optional]

We apply the ACSI voting guidelines. Since 2009 UniSuper has sat on the committee that reviews those guidelines every 2 years (i.e. UniSuper has been directly involved in the review of the guidelines 3 times).

When we decide how to vote we review the proxy voting advice, along with a range of other inputs and take into account our own direct understanding of the issues at hand. We do not blindly follow the proxy voting advice. It is one, of a number of factors that is taken into consideration. At all times we seek to consider ESG and commercial matters in an integrated and pragmatic manner.

ACSI's voting advice covers the ASX300. It is based on a set of Governance Guidelines which were specifically and collaboratively created by ACSI members to represent their interests. The Guidelines are used by management to arrive at their voting recommendations.

#### LEA 20

#### Voluntary

#### Additional Assessed

#### PRI 2

#### LEA 20.1

#### Indicate if your organisation has a securities lending programme.

- ☒ Yes

#### LEA 20.2

#### Indicate how voting is addressed in securities lending programme.

#### Please select one of the following

- ☒ We recall most securities for voting on all ballot items
- ☐ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
- ☐ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
- ☐ We empower our securities lending agent to decide when to recall securities for voting purposes
- ☐ We do not recall our shares for voting purposes
- ☐ Other (please specify)
- ☐ No

LEA 20.3	Additional information. [Optional]
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We always recall securities prior to an AGM, or in relation to any other corporate actions as appropriate. Our custodian is responsible for managing this process.

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- ☒ Yes, in most cases
- ☐ Sometimes, in the following cases:
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 21.2	Additional information. [Optional]
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For all companies covered by ACSI's voting service, ACSI corresponds either via meeting or teleconference around the time of the company meeting, or writes to each company where there was an 'against' recommendation expressing its rationale and concerns. Companies where there are more material concerns become Corporate Governance engagement priorities where ACSI typically holds face to face meetings with the company urging it to change its practices.

Domestically, UniSuper always personally contacts companies to let them know when we are voting AGAINST a ballot item and verbally provides a rationale as to why such a decision has been made.

## Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

95



Specify the basis on which this percentage is calculated

- ☐ of the total number of ballot items on which you could have issued instructions
- ☒ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted
- ☐ We do not track or collect this information

## Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

LEA 26.1

Indicate if your organisation proactively discloses information on your voting activities.

- ☒ We disclose it publicly

provide URL

<http://www.unisuper.com.au/investments/investment-approach/responsible-investing>

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☒ Yes

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☐ All voting decisions
- ☒ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☐ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☒ No explanations provided

**LEA 26.4**

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

**LEA 26.8**

Additional information. [Optional]

We disclose all domestic Australian voting decisions and the voting decisions on our top (largest) international holdings.