



LEA 02	Disclosures Monetary	Reason Gateway	Principle PRI 1,2,3
<p><b>Type of engagement</b> Individual/ internal staff engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> <li><input type="checkbox"/> We do not engage in internal staff</li> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> </ul>		
<p><b>Type of engagement</b> Collaborative engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> </ul>		
<p><b>Type of engagement</b> Service provider engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> <li><input type="checkbox"/> We do not engage in service provider</li> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company related ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific</li> </ul>		

# RI TRANSPARENCY REPORT

## 2013/14

### Australian Capital Territory

## 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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# 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	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
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	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
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	✓	Public							✓

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	✓	Public							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓						✓
SAM 07	Appointment considerations (listed assets)	✓	Public				✓			
SAM 08	Monitoring processes (listed assets)	✓	Public	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
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	✓	Public	✓						✓
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 16	Disclosure of RI considerations	✓	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	🔒	n/a		✓					
LEA 04	Objectives for engagement activities	🔒	n/a		✓					
LEA 05	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
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	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
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	✓	Public		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
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	✓	Public		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

# Australian Capital Territory

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## 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 bank
- Reserve - sovereign or government controlled fund
- Other, specify

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

6

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.

- Yes
- No

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

30/06/2014

**OO 04.2** Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		3	782	815	013
Currency	AUD				
Assets in USD		3	417	012	477

**OO 04.3** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 06**

**Mandatory**

**Descriptive**

**General**

**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	45
Fixed income – corporate	0	14
Fixed income – government	0	16
Fixed income – other	0	0
Private debt	0	0
Private equity	0	3
Property	0	6
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0



Cash	0	16
Other (1), specify	0	0
Other (2), specify	0	0

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

OO 07	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 07.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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	% of externally managed assets
Segregated mandate(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

OO 07.2	Indicate the proportion of your externally managed assets in fund-of-funds.
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	% of externally managed assets
Fund-of-funds	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 09	Voluntary	Descriptive	General
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In accordance with the *Australian Capital Territory (Self-Government) Act 1988* (Cwlth), the Australian Capital Territory is established as a body politic under the Crown in the name of the Australian Capital Territory. The Territory:

- (a) when used in a geographical sense, means the Australian Capital Territory; and
- (b) when used in any other sense, means the body politic.

The elected Legislative Assembly governs the Australian Capital Territory.

The Legislative Assembly performs various state and municipal functions. The main functions of the Government are the provision of physical and social infrastructure, including:

- education services;
- health services;
- law, order and public safety;
- community services; and
- essential services.

The delivery of the Government's policies and services is undertaken through a number of different Directorates, Territory Authorities and Territory-owned Corporations.

For this reason, while the legal entity that has endorsed the Principles for Responsible Investment is the Australian Capital Territory, the Principles are only applicable to the Directorate that is responsible for the management of the financial investments of the Government, this being the Chief Minister and Treasury Directorate (CMTD).

While the Australian Capital Territory falls under the category of 'Reserve - sovereign or government controlled fund', the financial investment operations are conducted within a much broader governmental Directorate. The Directorate has a range of responsibilities including the provision of strategic advice and support to the Chief Minister, the Treasurer and the Cabinet on policy development, financial and economic policy, service delivery and whole of government issues, as well as facilitating the implementation of government priorities and providing high level executive support and policy advice.

Therefore, the financial investment functions are not a stand-alone fund or entity, the operations must compete with limited budget resources and operate within specific government legislation and processes.

CMTD manages a significant portion of the financial investment assets of the Australian Capital Territory (ACT) on behalf of the ACT Government. A Responsible Investment Policy has been established by the ACT Government for the management of these financial investment assets.

The purpose and role of the investment portfolios is to derive competitive financial returns, based on prudent financial and portfolio management principles, with an investment structure that is low cost, efficient to manage and effective in deriving market-based returns. The ACT Government recognises that both financial, as well as the environmental, social and governance (ESG) performance of companies can impact on the sustainability of earnings and long-term investment value. The ACT Government believes that ESG risks and ownership responsibilities should be incorporated into the investment decision-making process in order to mitigate investment risk and improve the sustainability of the investments for the long term.

The Responsible Investment Policy objective is to generate both financial and sustainable (long-term) value, with a focus on long-term value creation for the Government's financial investments,

including not just economic value but also broader values such as sound corporate governance and environmental sustainability. The approach adopted to meet the responsible investment objective is to combine financial and non-financial criteria in the selection and management of the financial investment portfolio assets.

Key activities undertaken over the 2013-14 financial year to support the implementation of the Responsible Investment Policy framework include:

- a). Removing all proxy voting responsibilities from all the ACT's share investment managers. As a shareholder and owner of listed company investments, CMTD (on behalf of the ACT Government) now votes all shares for the promotion of effective corporate governance, environmental and social practices, as well as long-term value creation. CMTD utilises the services of a global proxy voting advisor to provide research and voting recommendations based on a sustainability framework;
- b). The creation of custom ESG global and domestic share benchmarks, which will exclude companies involved in the production and manufacture of tobacco, the manufacture of cluster munitions and land mines, as well as incorporating the exclusion of companies based on the integration of an ESG and global norms-based risk assessment including participation in ESG controversies; and
- c). The transition of all the unlisted pooled trust indexed equities to segregated index mandates, where the ACT will be the direct owner of the assets. This transition will allow the direct integration of the ESG risk assessment in the investment decision-making process through the application of the newly developed customised benchmarks, where benchmark company constituents will be screened for prohibited business activity and ESG risk, as well as providing the ability to apply the sustainability proxy voting framework.

### Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 11	Mandatory	Gateway	General
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**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
- Private equity
- Property
- Cash
- None of the above

**OO 11.3** Additional information. [Optional]

There has been no requirement for the Chief Minister and Treasury Directorate (CMTD) to select and appoint any additional external managers during the 2012-13 financial year or during the current 2013-14 financial year.

Currently all the fixed income investment assets are invested with a single external manager in two unlisted pooled unit trusts, with the domestic fixed income investments incorporating both government and corporate issuers, and the international fixed income investments only incorporating government issuers.

OO 12	Mandatory	Gateway	General
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**OO 12.1** The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, 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. Direct - Fixed Income and Infrastructure are always 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 active ownership

- Engagements
- (Proxy) voting

**RI implementation via external managers**

Indirect - Selection, Appointment and Monitoring of External Managers

- Listed Equities
- Private Equity
- Property

**Closing module**

- Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

# Australian Capital Territory

## 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]

The Responsible Investment Policy has been established by the ACT Government for the financial investment assets managed by the Chief Minister and Treasury Directorate (CMTD) - Refer to comments provided at OO 09.1.

The policy is not intended to be a detailed operational narrative but a description of the key elements of the Responsible Investment Policy, including the policy statement, the Responsible Investment Policy objectives, legislative requirements, investment governance, the Responsible Investment Policy framework which addresses the PRI principles and global norms-based criteria, and the implementation of the Responsible Investment Policy framework through business activity and ESG integration exclusion-based screening, company engagement, proxy voting and reporting and disclosure.

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

- Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

<http://apps.treasury.act.gov.au/publications>

- No



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

- 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.

Policy or document name	URL
Sustainability Proxy Voting Guidelines	<a href="http://vds.issproxy.com/8428/policies/2013%20Sustainability%20Executive%20Summary.pdf">http://vds.issproxy.com/8428/policies/2013%20Sustainability%20Executive%20Summary.pdf</a>

- No

**OA 03** **Mandatory** **Core Assessed** **PRI 1,2**

**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

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 checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" 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

<b>OA 03.2</b>	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
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Chief Minister and Treasury Directorate (CMTD) is currently revising the Responsible Investment Policy to incorporate the recent developments in removing proxy voting responsibility from the share investment managers, the transition of all CMTD's unlisted pooled trust indexed shares to segregated mandates, where the ACT will be the direct owner of the indexed shares and be able to apply the Responsible Investment Policy framework, as well incorporating the improved ESG integration in the investment decision-making process through the development of customised ESG index benchmarks for the management of the all share investments.

The review and update of the Responsible Investment policy will be completed by April 2014 and will also include further guidance on active ownership, as well as further specific guidance on ESG issues.

<b>OA 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>General</b>
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<b>OA 04.1</b>	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

<b>OA 04.2</b>	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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All the financial investment assets of the Chief Minister and Treasury Directorate (CMTD) are managed by selected and appointed external investment managers. Procurement covers the process of acquiring goods and services and the process of disposing of goods, works or property.

The *Government Procurement Act 2001* and the *Government Procurement Regulation 2007* set out what is required when undertaking procurement on behalf of the Government. The legislative framework for the procurement of services, such as investment management services, has controls and procedures in place to mitigate the potential for any conflict of interest in the investment process.

No

## Objectives and strategies

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

<b>OA 06</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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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	The removal of all proxy voting responsibilities from the ACT's share investment managers.
Key performance indicators	All proxy voting to be the responsibility of the Chief Minister and Treasury Directorate from 1 July 2013 with voting rights exercised >95%.
Describe the progress achieved	Completed, with voting rights exercised on track to exceed the benchmark target of >95% for the 2013-14 financial year.

Add responsible investment objective 2

Objective 2	The transition of all indexed share investments in unlisted pooled trusts to segregated mandates.
Key performance indicators	All unlisted pooled trust indexed share investments to be directly owned by the ACT by 30 June 2014.
Describe the progress achieved	Completion of the transition to segregated indexed share mandates is expected to be completed by end April 2014.

Add responsible investment objective 3

Objective 3	The development and implementation of customised ESG share index benchmarks including exclusions based on business activity and the integration of ESG risk analysis.
Key performance indicators	Customised ESG share index benchmarks implemented in conjunction with the transition of the unlisted pooled trust investments to segregated share mandates by 30 June 2014.
Describe the progress achieved	Development of the customised benchmarks is complete and will be implemented with transition of the unlisted pooled trust shares to segregated mandates by April 2014.

<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	The procurement of global ESG listed company research and analysis from a new independent service provider.
Key performance indicators	Procurement of a new global ESG listed company research and analysis service provider completed before 30 June 2015.

Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	The review of the Responsible Investment Policy framework, procedures and documentation and disclosure following the achievement of the current years responsible investment objectives.
Key performance indicators	Updated Responsible Investment Policy and framework approved by the Treasurer and publicly disclosed before 30 June 2015.

Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	The review of the ACT Government's proxy voting sustainability policy framework following the voting outcomes from the 2013-14 financial year.
Key performance indicators	The reviewed Proxy Voting policy framework is approved by the Treasurer and applied before 30 June 2015.

## Governance and human resources

<b>OA 07</b>	Voluntary	Descriptive	General
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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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The ACT Government Treasurer has the ultimate responsibility for approving the high level strategic investment policies. Depending on the nature of the particular investment-related policy, the Cabinet of the ACT Government may be required to be consulted and approve the final ACT Government position.

The Under Treasurer (head of Treasury portfolio functions within Chief Minister and Treasury Directorate (CMTD)) has responsibility for investment implementation and operational-related policy and activities. Policy decisions, including decisions in relation to responsible investment, made by the Treasurer/Cabinet are based on advice and recommendations of CMTD.

A non-statutory appointed Investment Advisory Board, and an external asset consulting organisation, are utilised to provide independent advice in respect of investment objectives, strategic asset allocation, investment manager configuration, investment governance and responsible investment matters. The Board's, and the asset consultant's advice, is considered along with all other available information by CMTD when formulating policy positions and recommendations for the Treasurer and/or ACT Government.

CMTD is responsible for the implementation of approved investment policy, governance of the investment assets, management of investment flows and portfolio rebalancing, management of current service provider relationships, as well as the procurement of new service providers and all reporting requirements.

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
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- 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  
Director

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- 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

<b>OA 08.2</b>	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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	Number
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0

<b>OA 09</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>General</b>
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<b>OA 09.1</b>	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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**Board members/Board of trustees**

- Responsible investment included in personal development and/or training plan
- None of the above

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Other C-level staff or head of department**

Director, Chief Minister & Treasury Directorate

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Investment analysts**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

<b>OA 09.3</b>	Provide any additional information on your organisation’s performance management, reward and/or personal development processes in relation to responsible investment.
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**Board Members**

The skill and experience set of the Investment Advisory Board will include Responsible Investment related skills and experience. Performance management, reward and/or personal development processes in relation to responsible investment is not directly relevant.

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee**

Performance management, reward and/or personal development processes in relation to responsible investment for this group is not directly relevant to the governmental remuneration and operational structure.

**Promoting responsible investment**

<b>OA 10</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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<b>OA 10.1</b>	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.
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- Yes
- No

**OA 10.3**

## Additional information. [Optional]

The ACT Government publicly promotes responsible investment through the availability of its Responsible Investment Policy from the Chief Minister and Treasury Directorate (CMTD) website, as well as the disclosure of all directly-held listed company investments, the proxy voting record for the financial year, and the proxy voting sustainability framework guidelines.

The ACT Government is aware there is a range of issues affecting all jurisdictions that need to be better understood and dealt with in relation to the effects of climate change and greenhouse gas emissions. This is relevant to both policy related actions and where there may be other exposures such as from financial investments.

The ACT Government is being very proactive in the area of climate change and greenhouse gas emissions in particular. The ACT Government is working with the community to reduce the Territory's greenhouse gas emissions and has initiated several strategies to achieve this.

In October 2010, the ACT Legislative Assembly passed legislation for the introduction of the most ambitious greenhouse gas reductions targets in the country. The Climate Change and Greenhouse Gas Reduction Act 2010 establishes emissions reduction targets for the ACT of:

- zero net greenhouse gas emissions by 2060;
- peaking per capita emissions by 2013;
- 40% of 1990 levels by 2020; and
- 80% of 1990 levels by 2050.

In addition, the legislation mandates regular reporting to the Legislative Assembly on the ACT's greenhouse gas emissions trends and establishes a Climate Change Council to provide independent advice on climate change issues as they affect business and the wider community.

The Government will continue to monitor the potential impacts and effects of the range of issues associated with climate change and greenhouse gas emissions, including the financial investment assets and exposure to fossil fuels.

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.

- 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

No

**OA 11.3**

Additional information. [Optional]

Promotion of responsible investment and the adoption of the PRI is mainly through discussions with current and potential investment-related service providers. Also refer to response at OA 10.3

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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**OA 12.1**

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

- Yes
- No

<b>OA 12.4</b>	Additional information.
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Chief Minister and Treasury Directorate (CMTD) presently does not directly engage, either individually or in collaboration with other parties. Our engagement activity is conducted via an external service provider on behalf of a number of institutional investors. For examples of relevant dialogue with public policy makers and submissions from the service provider see the following:

[http://www.regnan.com.au/documents/Regnan\\_Submission\\_CCA\\_CapsandTargetsReviewIssuesPaper.pdf](http://www.regnan.com.au/documents/Regnan_Submission_CCA_CapsandTargetsReviewIssuesPaper.pdf)

[http://www.regnan.com.au/documents/RegnanIGCC\\_Submission\\_ProposalstoAmendNGERS.pdf](http://www.regnan.com.au/documents/RegnanIGCC_Submission_ProposalstoAmendNGERS.pdf)

[http://www.regnan.com.au/documents/Regnan\\_Submission\\_SCER\\_DraftNationalHarmonisedRegulatoryFramework.pdf](http://www.regnan.com.au/documents/Regnan_Submission_SCER_DraftNationalHarmonisedRegulatoryFramework.pdf)

The ACT Legislative Assembly is itself a public policy maker, with ongoing dialogue and engagement with CMTD, and has considered and debated responsible investment issues in relation to the management of the investment assets by CMTD. For an example of dialogue with the ACT Legislative Assembly on responsible investment matters see the following link:

<http://www.parliament.act.gov.au/in-committees/previous-assemblies/Standing-Committees-Seventh-Assembly/Standing-Committee-on-Public-Accounts/20-Inquiry-into-exposure-draft-of-the-Financial-Management-Ethical-Investment-Legislation-Amendment-Bill-2010>

## ESG issues in asset allocation

<b>OA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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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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Consideration of ESG risks and the management of those risks is considered with portfolio construction, selection of asset class investment strategies, allocation of assets between geographic markets, and investment manager appointments. ESG risks and issues are not considered directly in the setting of the strategic asset allocation.

<b>OA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>OA 14.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

**OA 14.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

% of total AUM

0.4

**OA 14.3** Please specify which thematic area(s) you invest in and provide a brief description.

Area

Clean technology

Asset class invested

- Listed equity
- Private equity
- Property

Brief description of investment

The private equity clean technology fund investments have a focus on technologies that seek to improve the efficiency of energy production, distribution, and utilisation while appreciably reducing or eliminating the negative environmental impact of these activities. The clean technology fund is a fund of funds that invests with best of breed Clean Technology private equity fund managers, primarily in the buyout and growth stages, as well as a limited amount in venture capital.

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Other area, specify

No

OA 14.4	Additional information.
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The ACT Government directly addresses many environmental and social themes including community investing, microfinance, affordable housing, SME financing and education and health with the funding of public policy initiatives and programs through annual Budget appropriation.

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

OA 16	Voluntary	Descriptive	General
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OA 16.1	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.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Private equity	<p>The investment portfolios managed by Chief Minister and Treasury Directorate (CMTD) have an exposure of approximately 3% of total portfolio assets in the private equity asset class. CMTD utilises an external, specialist private equity fund of fund manager in relation to all private equity investment. CMTD has established three unlisted trust funds through which to commit and invest capital (i.e. CMTD is the only unit holder). CMTD works with the private equity manager to formulate a tailored and discretionary investment program including the development of the investment strategy and objectives, as well as stage, sector and structure of the portfolios. The private equity manager is responsible for sourcing, due diligence and selection of suitable private equity fund investment opportunities (General Partners), negotiation, portfolio construction, monitoring and management of the private equity investment portfolios including participation on advisory boards of General Partners, valuation and reporting on the private equity program.</p> <p>CMTD includes an assessment of ESG capabilities and methodologies in determining best value for money in all procurement activity when appointing external investment service providers, as well as requesting if the service provider is a signatory to the PRI. CMTD also includes ESG-related clauses in contractual arrangements, where relevant, as a requirement of the relationship. Investment mandate agreements require, where relevant, the service provider to provide details of ESG policies, report on ESG activities over the relevant period including related research and engagement activity and the extent of integration of consideration of ESG risks and issues into the investment decision-making processes.</p> <p>In relation to all private equity investment CMTD requires the fund manager to seek and disclose information in relation to the extent to which ESG risks are considered in the due diligence process for investments, the extent to which ESG risks are considered in the identification of investment opportunities, the extent to which managers engage with underlying companies with respect to the management of ESG risks, the inclusion of ESG in the responsibilities of investment managers' appointed directors, the level of ESG expertise within managers' teams, the frequency of, and measures used in the monitoring of key ESG risks and the level of reporting of ESG risks at both the fund and underlying company management level.</p> <p>The private equity program also has a specific allocation to clean technology investment. The clean tech program has a focus on technologies that seek to improve the efficiency of energy production, distribution, and utilisation while appreciably reducing or eliminating the negative environmental impact of these activities. The program currently invests with fourteen best of breed Clean Tech private equity fund managers, primarily in the buyout and growth stages, as well as a limited amount in venture capital.</p>
Property	<p>The investment portfolios managed by Chief Minister and Treasury Directorate (CMTD) have an exposure of approximately 6% of total assets in the property asset class. CMTD utilises two external, specialist property fund managers in relation to all property investment. The investment exposures are via four Australian direct, unlisted property trust funds which include assets in the retail, office and industrial sectors, with geographic asset diversity across Australia.</p> <p>CMTD includes an assessment of ESG capabilities and methodologies in determining value for money in all procurement activity when appointing external service providers, as well as requesting if the service provider is a signatory to the PRI. CMTD also includes ESG-related clauses in contractual arrangements, where relevant, as a requirement of the relationship. Investment mandate agreements, where relevant, require the service provider to provide details of ESG policies, report on ESG activities over the relevant period including related research and engagement activity and the extent of integration of consideration of ESG risks and issues into the investment decision-making processes.</p> <p>Both of the current property fund management organisations utilised by CMTD are signatories to the PRI, with one manager also having membership of the Global Real Estate Sustainability Benchmark (GRESB) and being awarded a Green Star in 2013. This is the highest rating under the benchmark and is in recognition of commitment to incorporating sustainable practices in the management of property assets. Both property fund managers strive to deliver long-term</p>

	<p>sustainable returns with a focus on the identification and management of ESG risks and opportunities. Both property fund management organisations have a commitment to, and appropriate resourcing of, ESG matters at an asset, fund and corporate level.</p> <p>The main focus is on achieving best practice environmental sustainability such as conserving/reducing electricity or gas consumption, reducing water consumption, reducing waste to land fill, increasing waste diverted from land fill (recycling) and reducing green house gas emissions, ultimately reducing operating costs. This is being achieved in a number of ways including replacing building management systems, improving the National Australian Built Environment Rating System (NABERS) energy and water ratings of individual assets, undertaking specific projects, and undertaking environmental and sustainability surveys of retailers/building tenants to provide education and reduce energy/water usage and waste generation, and improve operating efficiency and cost effectiveness. Both managers understand that failing to address sustainability issues will put real estate assets at financial risk in the future.</p> <p>Both property investment managers provide an annual ESG/Sustainability report for investors which addresses environmental initiatives at the fund and individual property asset level, environmental statistical reporting (comparisons of annual energy/water usage and level of waste generation etc), as well as highlighting social/community initiatives such as sponsorship of community festivals, projects and events, use of property facilities by organisations, and donations to and fund raising opportunities for charities.</p>
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## Innovation

OA 18	Voluntary	Descriptive	General
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<b>OA 18.1</b>	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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Due to the significant issues around control, transparency, accountability and the challenge in applying the ACT Government's Responsible Investment Policy framework, including proxy voting, to the indexed share investments in unlisted pooled unit trusts, the Chief Minister and Treasury Directorate (CMTD) is in the process of transitioning these share investments to new segregated investment mandates, where the ACT will be the direct owner of the shares.

CMTD has also been working with a professional global index vendor to develop and implement customised ESG share index benchmarks - a global ex-Australia customised ESG index benchmark and an Australian customised ESG index benchmark.

In order to ensure greater conformity with the Principles for Responsible Investment and the Responsible Investment Policy, extensive research and analysis on the listed companies' (parent indices) environmental, social and governance performance is being sourced from an independent service provider to be utilised to screen the parent index constituents and to provide for the customised benchmark indices which will contain the allowable investable universe. This will help achieve direct integration of ESG risks into the investment decision-making process and portfolio construction. The customised benchmarks will also be negatively screened for companies involved in the production and manufacture of tobacco (and related products), the manufacture of cluster munitions, and the manufacture of landmines. The ACT's share investment managers will not be permitted to hold any listed company outside of the allowable investable universe of the two custom ESG benchmarks. The customised index benchmarks will utilise business activity screens as well as extensive research and analysis on key environmental, social and governance issues to screen out listed companies with unacceptable activities or ESG risks.

In terms of environmental performance the listed companies in the parent indices are assessed on issues such as carbon emissions, carbon footprint, energy efficiency, impact from climate change, water stress, biodiversity and land use, raw material sourcing and scarcity, toxic emissions and waste, packaging materials and waste and electronic waste. In terms of social performance listed companies are assessed on issues such as human capital development, labour management including child labour, diversity, discrimination, and labour disputes, health and safety, supply chain standards, controversial sourcing, product safety and quality, chemical safety, privacy and data security, and nutrition and health. In terms of governance performance listed companies are assessed on issues such as corruption and fraud, business ethics, anti-competitive practices, and corporate governance practices and standards. All listed company investments will also be assessed on ESG controversies in accordance with Global Norms criteria.

This new approach to responsible share investment is to be implemented in April 2014.

## Assurance of responses

<b>OA 19</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>General</b>
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<b>OA 19.1</b>	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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Yes

**OA 19.2**

Indicate who has reviewed, validated and/or assured your reported information.

- Reviewed by Board, CEO, CIO or Investment Committee
- Validated by internal audit or compliance function
- Assured by an external independent provider, specify name

**OA 19.3**

Describe the steps you have taken to review, validate and/or assure the content of your reported information.

The Chief Minister and Treasury Directorate (CMTD) PRI assessment tool response is reviewed by the CIO equivalent and the Investment Advisory Board before submission.

No



# Australian Capital Territory

## 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

<b>SAM 01</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1-6</b>
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<b>SAM 01.1</b>	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
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Chief Minister and Treasury Directorate (CMTD) includes an assessment of ESG capabilities and methodologies in determining best value for money in all relevant procurement activity when appointing external investment service providers, as well as requesting if the service provider is a signatory to the PRI.

CMTD also includes ESG-related clauses, where relevant, in contractual arrangements as a requirement of the relationship. Investment mandate agreements, where relevant, require the service provider to regularly provide details of ESG policies, report on ESG activities over the relevant period, including related research and engagement activity, and to report the extent of integration of ESG risks and issues into the investment decision-making processes.

<b>SAM 02</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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<b>SAM 02.1</b>	Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.
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Yes

<b>SAM 02.2</b>	Indicate how your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers. [Optional]
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We use investment consultants in our selection and appointment of external managers

Asset class
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- Listed Equity (LE)
- Fixed income - corporate (FIC)
- Fixed income - government (FIG)
- Private equity (PE)
- Property (PR)
- Other asset classes

We use investment consultants in our monitoring of external managers

Asset class
-------------

- Listed Equity (LE)
- Fixed income - corporate (FIC)
- Fixed income - government (FIG)
- Private equity (PE)
- Property (PR)
- Other asset classes
- We use fiduciary managers

<b>SAM 02.3</b>	Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants and/or fiduciary managers.
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- Responsible investment is included in the selection process for investment consultants
- Consultants' responsibilities in relation to responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with them
- Responsible investment is considered when reviewing investment consultants' advice on manager selection and performance monitoring
- We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

No

<b>SAM 03</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>General</b>
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<b>SAM 03.1</b>	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
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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 04</b>	<b>Mandatory to Report</b>	<b>Voluntary to Disclose</b>	<b>Gateway/Peering</b>	<b>General</b>
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<b>SAM 04.1</b>	Provide a breakdown of your externally managed listed equities, corporate fixed income and government fixed income by passive, active quant, active fundamental and other active strategies.
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Listed equity (LE)

Type of strategy	As % of externally managed listed equity
Passive	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

Fixed income - corporate (FIC)

Type of strategy	As % of externally managed corporatefixed income
Passive	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

Fixed income - government (FIG)

Type of strategy	As % of externally managed government fixed income
Passive	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

SAM 05	Mandatory	Gateway	PRI 1,2
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<b>SAM 05.1</b>	Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:
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Active investment strategies
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Active investment strategies	LE		
Screening	<input checked="" type="checkbox"/>		
Thematic	<input checked="" type="checkbox"/>		
Integration	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Passive investment strategies
-------------------------------

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

**Selection**

**SAM 06** **Mandatory** **Core Assessed** **PRI 1-6**

**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**

	LE		
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 checked="" 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 checked="" 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 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 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"/>		

## Appointment

SAM 07	Voluntary	Additional Assessed	PRI 4
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**SAM 07.1** When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in investment management agreements/contracts for your listed assets:

**General**

	LE		
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Other general RI considerations in investment management agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

**ESG incorporation**

	LE		
Specific requirements relating to the incorporation of ESG issues into investment decision-making	<input checked="" type="checkbox"/>		
Other RI considerations relating to ESG incorporation in investment management agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

**Engagement**

	LE		
Specific requirements relating to engagement	<input type="checkbox"/>		
Other RI considerations relating to engagement in investment management agreements, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

**Reporting**

	LE		
Reporting on the agreed responsible investment activities	<input checked="" type="checkbox"/>		
Reporting on the ESG characteristics of the portfolio	<input type="checkbox"/>		
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>		
Other RI considerations relating to reporting in investment management agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

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

The contractual mandate arrangements, where relevant, include a clause in relation to the ACT providing the investment manager with quarterly ESG risk screening of the portfolio and the requirement for the investment manager to report back to the ACT on these stocks of concern and justify the investment decision-making process.

The contractual mandate, where relevant, also includes a clause to require investment managers to report on ESG activities over the period, including any related research and engagement activity with companies, how the investment manager is integrating consideration of ESG risks and issues into its investment analysis and decision-making processes, as well as previously reporting on proxy voting activity over the period (where mandated).

As described previously, Chief Minister and Treasury Directorate (CMTD) has/is implementing significant changes this year, including removing proxy voting responsibility from the investment managers, as well as developing new customised ESG index benchmarks for directly-owned share investments.

CMTD will be updating all contractual arrangements, as necessary, with the share investment managers to acknowledge the new ESG integration processes where CMTD will be utilising custom ESG index benchmarks which will detail the allowable listed company investment universe. No share investment manager will be able to invest in a listed company stock outside of this screened allowable investment universe. This will directly integrate consideration of ESG risks and issues into the decision-making processes and portfolio construction. CMTD will be taking direct responsibility for ESG risk integration in listed company stock selection and removing this requirement from the listed company investment managers, where relevant. This will provide for a consistent framework approach to ESG risk analysis and integration into stock selection.

<b>SAM 07.2</b>	Provide additional information relevant to your organisation's manager appointment process and considerations included in contractual agreements for listed assets.
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Chief Minister and Treasury Directorate (CMTD) utilise the services of an asset consultant when considering the appointment of any new listed asset investment manager. The asset consultant is responsible for providing an approved list of investment managers in a particular asset class that provides for an approved investment strategy. The asset consultant is required to provide an assessment of each managers' ESG policies, capabilities, experience and responsible investment personnel. CMTD is responsible for the procurement of the preferred investment manager, with the issuance of a request for tender document which also incorporates an assessment of each managers' ESG policies, capabilities and practices.

As outlined, CMTD has/is implementing significant changes over the year, including the removal of proxy voting responsibility from the listed company investment managers, as well as developing new customised ESG index benchmarks for share investing.

CMTD will be updating all contractual arrangements, as required, with the share investment managers by the end of the 2013-14 financial year to acknowledge the new ESG integration processes where CMTD will be utilising custom ESG index benchmarks which will detail the allowable listed company investment universe. No share investment manager will be able to invest in a listed company stock outside of this screened allowable investment universe. This will directly integrate consideration of ESG risks and issues into the decision-making processes and portfolio construction.

## 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 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 checked="" type="checkbox"/>		
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>		
Other general aspects of your monitoring, specify	<input 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 type="checkbox"/>		
None of the above	<input type="checkbox"/>		

### Engagements

	<b>LE</b>	
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 checked="" type="checkbox"/>	
Review the progress of ongoing engagements and/or outcomes of completed engagements	<input checked="" type="checkbox"/>	
Other ways you monitor engagement activities, specify	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	

## Outputs and outcomes

<b>SAM 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Descriptive</b>	<b>PRI 1-6</b>
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**SAM 14.1** Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.

%

14

<b>SAM 15</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**SAM 15.1** Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

Add Example 1

Topic or issue	Appointment of global proxy voting advisor following monitoring of manager voting responsibilities and outcomes.
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity
Scope and process	During 2013-14 Chief Minister and Treasury Directorate (CMTD) took control of all proxy voting responsibilities and outcomes under the application of a consistent sustainability voting framework.
Outcomes	From 1 July 2013 CMTD became responsible for all proxy voting of directly-owned listed company investments utilising the services of a global proxy voting advisor.

Add Example 2

Topic or issue	Investment Manager Responsible Investment Policy
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity
Scope and process	CMTD engaged with listed company investment managers in terms of developing and providing a Responsible Investment Policy.
Outcomes	CMTD received from a listed company manager, a new firm-wide Responsible Investment Policy in January 2014.

Add Example 3

Topic or issue	Listed company investment manager proxy voting responsibilities and reporting.
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity
Scope and process	CMTD has engaged with listed company investment managers in relation to improving the disclosure of their proxy voting policies, better access to voting research and decision procedures, and improving reporting of voting statistics.
Outcomes	CMTD received for the first time an ESG update from a listed company investment manager in January 2014 which provided a proxy voting season summary report, incorporating AGM statistics, themes, voting outcome case studies, as well as additional case studies in regards to contentious votes cast. CMTD also received the latest version of their Corporate Governance and Proxy Voting Policy at the same time.

Add Example 4

Topic or issue	Responsible Investment resourcing at listed company investment managers.
Conducted by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Investment consultants
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity
Scope and process	CMTD has engaged with listed company investment managers in relation to resourcing for responsible investment.
Outcomes	On 13 August 2013 a listed company investment manager announced the appointment of Head of Responsible Investment, bringing over 20 years of experience in the investment industry with the integration of ESG considerations into the investment processes.

Add Example 5

<b>SAM 15.2</b>	Additional information.
---------------------	-------------------------

Chief Minister and Treasury Directorate (CMTD) has not been required to select or appoint any new investment managers over the 2013-14 financial year.

## Communication

SAM 16

Mandatory

Core Assessed

PRI 6

**SAM  
16.1**

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

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



# Australian Capital Territory

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## 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.

## Engagement

### Overview

LEA 01	Voluntary	Descriptive	PRI 2
LEA 01.1	Provide a brief overview of your organisation's approach to engagement.		

Company engagement activity is currently undertaken via out-sourced specialist service providers in relation to ESG research and analysis of corporate and operational risks and the communication of results of peer comparison, as well as engagement with listed companies through proxy voting research and analysis, proposed voting actions and voting outcomes.

LEA 02	Mandatory	Gateway	PRI 1,2,3
LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.		

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" 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 type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" 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

## Process

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

<b>LEA 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,4</b>
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**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

<b>LEA 07.3</b>	Additional information. [Optional]
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The information disclosed is in relation to the external engagement services provided to Chief Minister and Treasury Directorate (CMTD) and are the full years results for the 2012-13 financial year.

<b>LEA 08</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEA 08.1</b>	Indicate whether you monitor and/or discuss the following information provided to you by your service provider
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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

### General processes for all three groups of engagers

<b>LEA 09</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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<b>LEA 09.1</b>	Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.
-----------------	---

Type of engagement	Insights shared
<b>Service provider engagements</b>	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

<b>LEA 10</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	------------------------------	--------------

<b>LEA 10.1</b>	Indicate if you track the number of companies you engage with.
-----------------	--

Type of engagement	Tracking engagements
Service provider engagements	<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

## Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
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LEA 11.1	Indicate the number of companies with which your organisation engaged during the reporting year.
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	Number of companies engaged (avoid double counting, see explanatory notes)
Service provider engagements	77

LEA 11.2	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]
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Type of engagement	% Comprehensive engagements
Service provider engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.4	Indicate for which part of your service provider engagements you were highly involved during the reporting year. [Optional]
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Type of engagement	% High involvement
Service provider engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

<b>LEA 11.5</b>	Additional information. [Optional]
-----------------	------------------------------------

The information disclosed is in relation to the external company engagement services provided to Chief Minister and Treasury Directorate (CMTD) and are the full results for the 2012-13 financial year.

<b>LEA 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
---------------	------------------	----------------------------	--------------

<b>LEA 12.1</b>	Indicate if your engagements in the reporting year covered E, S and/or G issues.
-----------------	--

Type of engagement	Coverage
Service provider engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

<b>LEA 12.2</b>	Provide an estimated breakdown by E, S and/or G issues.
-----------------	---

	Service provider engagements
--	------------------------------

	% Environmental only
--	----------------------

7

	% Social only
--	---------------

9

	% Corporate Governance only
--	-----------------------------

26

	% Overlapping ESG issues
--	--------------------------

58

**100%**

<b>LEA 12.3</b>	Additional information.
-----------------	-------------------------

The information disclosed is in relation to the external company engagement services provided to Chief Minister and Treasury Directorate (CMTD) and are the full results for the 2012-13 financial year.

Direct company engagement topics included issues around climate change, water usage, human capital, workplace health and safety, business ethics, board governance practices, diversity, executive pay/remuneration, ESG disclosures and integrated reporting, as well as specific topics such as unconventional gas (including coal seam gas), problem gambling and community consent for project developments.

<b>LEA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 13.1</b>	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.
-----------------	--

- Yes
- No

<b>LEA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 14.1</b>	Provide examples of the engagements that your organisation carried out during the reporting year.
-----------------	---

- Add Example 1

Topic or ESG issue	Best Practice Company Corporate Governance Polices, Practices and Disclosure
Conducted by	<input checked="" type="checkbox"/> Service provider
Objectives	To improve company governance policies, practices and disclosures.
Scope and Process	Seventy companies were engaged on issues relating to governance policies, practices and disclosures, including topics such as board composition, board gender diversity, executive remuneration, board independence and succession planning and committee structures. The approach to engagement was materially through face-to-face meetings, including meetings at Board level, followed by the use of letters and teleconference facilities. Due to the collaborative nature of the engagement by the service provider on behalf of numerous institutional investors, not all companies engaged where held in the ACT's share portfolio.
Outcomes	It is not possible for the service provider to outline specific outcomes related solely to their engagement activity on the topic of company corporate governance policies and practices, only that the issues are being continually monitored for improvement, with additional engagement activity with companies if required.

Add Example 2

Topic or ESG issue	Company environmental policies, practices and disclosure
Conducted by	<input checked="" type="checkbox"/> Service provider
Objectives	To improve company environmental policies, practices and disclosures.
Scope and Process	Fifty one companies were engaged on their environmental policies, practices and disclosures, including management of the risks associated with climate change and impacts to business sustainability, resource sourcing including the use of phosphate from Western Sahara, coal seam gas exploration and landholder risk management, water security, and greenhouse gas emissions and reporting. The approach to engagement was materially through face-to-face meetings, including meetings at Board and executive level, followed by the use of letters and teleconference facilities. Due to the collaborative nature of the engagement by the service provider on behalf of numerous institutional investors, not all companies engaged where held in the ACT's share portfolio.
Outcomes	It is not possible for the service provider to outline specific outcomes related solely to their engagement activity on the topic of company environmental policies, practices and reporting, only that the issues are being continually monitored for improvement, with additional engagement activity with companies if required.

Add Example 3



Topic or ESG issue	Company social policies, practices and reporting
Conducted by	<input checked="" type="checkbox"/> Service provider
Objectives	To improve company social policies, practices and reporting.
Scope and Process	Fifty companies were engaged on their social policies, practices and reporting, including issues related to gambling revenues and problem gambling, promotion of the sale of alcohol, indigenous rights, workplace health and safety, business ethics, and company reputation and regulatory risk. The approach to engagement was material through face-to-face meetings, including meetings at Board and executive level, followed by the use of letters and teleconference facilities. Due to the collaborative nature of the engagement by the service provider on behalf of numerous institutional investors, not all companies engaged where held in the ACT's share portfolio.
Outcomes	It is not possible for the service provider to outline specific outcomes related solely to their engagement activity on the topic of company social policies, practices and reporting, only that the issues are being continually monitored for improvement, with additional engagement activity with companies if required.

- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

<b>LEA 14.2</b>	Additional information.
-----------------	-------------------------

There are many complexities and challenges around direct company engagement with difficulty in directly linking specific company outcomes to the relevant engagement activity resulting from constant regulatory change, other engagement activity by institutional investors, investment managers or service providers, and the continual changes in best practice standards.

As required by the contractual arrangement with the direct company engagement service provider, all information and reporting provided is confidential and intended for internal use only by Chief Minister and Treasury Directorate (CMTD).

## Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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<b>LEA 15.1</b>	Indicate whether your organisation proactively discloses information on its engagements.
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- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

<b>LEA 15.6</b>	Additional information. [Optional]
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As required by the contractual arrangements with the direct company engagement service provider all information and reporting provided is confidential and only intended for internal use by Chief Minister and Treasury Directorate. Non-confidential information is available from the service provider's website.

## (Proxy) voting and shareholder resolutions

### Overview

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

Prior to 1 July 2013, Chief Minister and Treasury Directorate (CMTD) delegated authority to its external listed company managers to exercise proxy voting rights. From 1 July 2013 CMTD removed all proxy voting responsibility from share managers and is now responsible for exercising all voting rights utilising the services of a global proxy voting advisor.

A key element of developing the ACT Government's Responsible Investment Policy was to establish a share voting policy with all voting positions to be determined and cast on the basis of the voting policy. CMTD now utilises a sustainability proxy voting framework with a policy focus aligned for signatories to the Principles for Responsible Investment and that is aligned to the requirements of the Government's Responsible Investment Policy.

The service provider assisted in the development and provision of a share voting policy framework with demonstrated capability in environmental, social and corporate governance related research and analysis. The voting framework provides clear and comprehensive policy-guided share voting research and vote recommendations, a global share voting platform linked via CMTD's global custodian, end-to-end share voting management, vote monitoring, reconciliation and detailed record keeping. Utilising the services of the proxy voting advisor CMTD is now able to publicly disclose the ACT Government's share voting policy as well as publicly disclose all voting activity and outcomes via CMTD's website.

CMTD reviews all vote research and voting recommendations that are on contentious issues or topics, are against management's recommendations, or that are a shareholder resolution, through automatic alert notifications via email. CMTD has the ability to change any voting recommendation before the vote is cast.

## Process

<b>LEA 17</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 17.1</b>	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
-----------------	---

### Approach

- 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.
- 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.

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.

LEA 18	Mandatory	Descriptive	PRI 2
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LEA 18.1

Of the voting recommendations that your service provider made in the reporting year, indicate what percentage your organisation reviewed, and the reasons for the review.

**Percentage of voting recommendations your organisation reviewed**

- >20%
- 5-20%
- 1-5%
- <1%

**Reasons for review**

- Specific ESG issues
- Votes where a significant level of ownership is held
- Votes against management or abstentions
- Conflicts of interest
- Corporate actions such as M&A, disposal, etc.
- Other, explain

**Shareholder Resolutions**

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1

To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.

- Obtain confirmation that votes have been lodged:
  - for a majority of votes
  - for a minority of votes
- Participate in projects to improve the voting trail and/or to obtain vote confirmation
- None of the above

<b>LEA 19.2</b>	Provide additional information on your organisation's vote confirmation efforts.
-----------------	--

All proxy voting activity is highly automated through the use of an external global proxy voting advisor and their voting platform, with all voting research and recommendations available for review on-line through the external service provider's website before vote cut-off, with all voting activity confirmed.

One of CMTD's accountability indicators is ensuring that at least 95% of eligible voting items are voted.

<b>LEA 20</b>	Voluntary	Additional Assessed	PRI 2
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<b>LEA 20.1</b>	Indicate if your organisation has a securities lending programme.
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- Yes
- No

<b>LEA 21</b>	Mandatory	Core Assessed	PRI 2
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<b>LEA 21.1</b>	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.
-----------------	---

- 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

<b>LEA 21.2</b>	Additional information. [Optional]
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All applicable companies have the ability to review the voting research and recommendations by the external service provider before the voting deadline.

## Outputs and outcomes

<b>LEA 22</b>	Mandatory	Core Assessed	PRI 2
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<b>LEA 22.1</b>	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%)

%

100

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

**LEA 22.2** If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

One of the Chief Minister and Treasury Directorate's accountability indicators is ensuring that at least 95% of eligible voting items are voted.

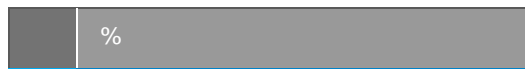


We do not track or collect this information

<b>LEA 23</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 23.1** Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

Yes, we track this information

**LEA 23.2** Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	 <p>88</p>
Against (opposing) management proposals	 <p>12</p>
Abstentions	 <p>0</p>

100%

<b>LEA 23.3</b>	For the reporting year, describe your approach towards voting on shareholder resolutions.
-----------------	---

The sustainability proxy voting policy framework generally supports standards-based ESG shareholder proposals that enhance long-term shareholder and stakeholder value while aligning the interests of the company with those of society at large. Chief Minister and Treasury Directorate supported two shareholder resolutions out of a total of six shareholder resolutions over the reporting period.

No, we do not track this information

<b>LEA 24</b>	Voluntary	Descriptive	PRI 2
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<b>LEA 24.1</b>	Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.
-----------------	---

- Yes
- No

<b>LEA 25</b>	Voluntary	Descriptive	PRI 2
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<b>LEA 25.1</b>	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.
-----------------	---

Add Example 1

Topic or ESG issue	Governance - Approval of Stock Options
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	The provision of options is to meet local market standards in respect of long-term incentives, including an appropriate vesting period, appropriate performance hurdles, transparency, limited dilution of shareholder equity, and comparable level of reward with total remuneration being aligned with external benchmarks.
Scope and Process	There were three company meetings and seven proposals in relation to the approval of executive share option plans.
Outcomes	A vote against all proposals.

Add Example 2

Topic or ESG issue	Governance - Approval of Remuneration Report
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Remuneration should reward executives for true company performance. There should be full disclosure on fixed remuneration, short term incentive schemes and long term incentive schemes, including disclosure of targets and the metrics utilised. There should also be re-testing of targets/performance hurdles over time due to changing company circumstances, such as share buybacks, which can impact on the achievement of certain incentive targets.
Scope and Process	There were ninety company meetings with ninety proposals in relation to the approval of the remuneration report.
Outcomes	Eighty-five proposals were supported, with votes against five proposals.

Add Example 3

Topic or ESG issue	Governance - Elect Director
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Director elections are an important voting decision. Boards should be comprised of a majority of independent directors and key board committees should be comprised entirely of independent directors. Voting policy will generally oppose inside directors and affiliated external directors when the board is not comprised of a majority of independent directors.
Scope and Process	There were ninety-three company meetings with two hundred and forty proposals in relation to the election of directors.
Outcomes	Two hundred and thirteen proposals were supported, with a vote against twenty seven proposals.

Add Example 4



Topic or ESG issue	Governance - Shareholder Proposals Independent Chair
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Policy supports shareholder proposals requesting the separation of the positions of Chairman and CEO.
Scope and Process	There was one company meeting and one shareholder proposal in relation to seeking the separation of the role of Chairman and CEO.
Outcomes	A vote for the shareholder proposal.

- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

<b>LEA 25.2</b>	Additional information.
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Over the proxy voting reporting period there have been no instances of proposals, including shareholder proposals, directly in relation to environmental issues or social issues.

## Communication

<b>LEA 26</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEA 26.1</b>	Indicate if your organisation proactively discloses information on your voting activities.
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- We disclose it publicly

provide URL

<http://vds.issproxy.com/SearchPage.php?CustomerID=8428>

provide URL

<http://apps.treasury.act.gov.au/publications>

**LEA 26.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

**LEA 26.3** Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Reporting to the public	Reporting to clients/beneficiaries
<p><b>Indicate how much of your voting record you disclose</b></p> <ul style="list-style-type: none"><li><input checked="" type="radio"/> All voting decisions</li><li><input type="radio"/> Some voting decisions</li><li><input type="radio"/> Only abstentions and opposing vote decisions</li><li><input type="radio"/> Summary of votes only</li></ul>	<p><b>Indicate how much of your voting record you disclose</b></p> <ul style="list-style-type: none"><li><input checked="" type="radio"/> All voting decisions</li><li><input type="radio"/> Some voting decisions</li><li><input type="radio"/> Only abstentions and opposing vote decisions</li><li><input type="radio"/> Summary of votes only</li></ul>
<p><b>Indicate what level of explanation you provide</b></p> <ul style="list-style-type: none"><li><input type="radio"/> Explain all voting decisions</li><li><input type="radio"/> Explain some voting decisions</li><li><input type="radio"/> Only explain abstentions and votes against management</li><li><input checked="" type="radio"/> No explanations provided</li></ul>	<p><b>Indicate what level of explanation you provide</b></p> <ul style="list-style-type: none"><li><input type="radio"/> Explain all voting decisions</li><li><input checked="" type="radio"/> Explain some voting decisions</li><li><input type="radio"/> Only explain abstentions and votes against management</li><li><input type="radio"/> No explanations provided</li></ul>

**LEA 26.4** Indicate how frequently you typically report voting information.

Reporting to the public	Reporting to clients/beneficiaries
<input type="radio"/> Continuously (primarily before meetings) <input type="radio"/> Continuously (soon after votes are cast) <input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input type="radio"/> Continuously (primarily before meetings) <input type="radio"/> Continuously (soon after votes are cast) <input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries