



RI TRANSPARENCY REPORT

2013/14

UniSuper Management Pty Limited



UNEP Finance Initiative
Changing finance, financing change



United Nations Global Compact

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

About this report

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

This report is an export of the individual Signatory organisation's response to the PRI during the 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

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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	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

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

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

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

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	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	🔒	n/a		✓					
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	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

UniSuper Management Pty Limited

Reported Information

Public version

Organisational Overview

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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

450

OO 02.4 Additional information. [Optional]

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

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

OO 03	Mandatory	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ☐ Yes
☒ No

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2013

OO 04.2

Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		40	000	000	000
Currency	AUD				
Assets in USD		36	131	954	278

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
☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	10-50%
Fixed income – corporate	<10%	<10%
Fixed income – government	<10%	<10%
Fixed income – other	<10%	<10%
Private debt	0	0
Private equity	0	<10%
Property	<10%	0

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

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

OO 06.2 Additional information. [Optional]

UniSuper invests across a range of asset classes, and has a major focus on equities and fixed income. While UniSuper has some exposure to private equity, it has, over the last 4 years sought to sell down and continually reduce its private equity exposure. We do not believe the returns justify the fees and also have governance concerns regarding PE. Likewise, UniSuper has never invested in hedge funds - key reasons include the opaque nature of hedge funds, difficulty in assessing governance practices, the high fees and our lack of comfort with the risk/return profile of hedge funds.

OO 09	Voluntary	Descriptive	General
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OO 09.1

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

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

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

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

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

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

Gateway asset class implementation indicators

OO 10**Mandatory****Gateway****General****OO 10.1**

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ 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 10.3**Additional information. [Optional]**

UniSuper adopts a three pillared approach to integrating ESG into its investment processes and to being a responsible investor. UniSuper:

1. Is an active owner - we vote and we engage with companies in which we are invested
2. Undertakes investment specific ESG activities - e.g. include ESG in our stock templates, consider and discuss ESG as part of our stock selection decisions, review our external fund managers' approach to ESG
3. Collaborate with others - we work with other investors and within industry groups to achieve positive ESG/responsible investment outcomes

OO 11**Mandatory****Gateway****General****OO 11.1**

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

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

OO 11.2

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

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

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

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

- ☒ Listed Equity incorporation

Direct - Listed Equity active ownership

- ☒ Engagements
- ☒ (Proxy) voting

Direct - Fixed Income

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

Direct - Other asset classes with dedicated modules

- ☐ Property
- ☐ Infrastructure

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

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

Closing module

- ☒ Closing module

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.

UniSuper Management Pty Limited

Reported Information

Public version

Overarching Approach

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Responsible investment policy

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

☒ Yes

☐ No

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

☒ Yes

☐ No

OA 01.3

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

The policies that we currently have in place were first drafted in 2007. We have prepared a new overarching policy (drafted in Nov 2013) which is pending final approval. Our policies relate to corporate governance and sustainable investing and apply to all asset classes. We also have a range of ESG information available on our website and we prepare a six monthly Responsible Investment report, which is also available on our website.

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

We are currently assessing how to be more active with regard to fixed income and we undertake a range of activities on our property and infrastructure investments, however, these tend to be issue based and more ad hoc than with our equities ESG activities. For example, we conduct ESG due diligence when considering whether to acquire an infrastructure asset (however, we make such acquisitions infrequently, e.g. every 2-3 years).

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

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

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

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

1. We seek to be an active share owner
2. We seek to integrate ESG (identify the risks and manage them where possible)
3. We collaborate with others
4. We offer SRI and Environmental themed investment options to our members
5. In very limited circumstances we screen out sectors (Tobacco)

OA 02**Mandatory****Core Assessed****PRI 6****OA 02.1**

Indicate if your responsible investment policy is publicly available.

☒ Yes

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

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

☐ No

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

☒ Yes, all

☐ Yes, some

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

☐ No

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

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

We are open and transparent in communicating with our members.

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

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

OA 03.2

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

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

OA 03.3

Additional information. [Optional]

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

OA 04

Mandatory

Core Assessed

General

OA 04.1

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

☒ Yes

OA 04.2

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

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

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

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

☐ No

Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

OA 05.2

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

☒ At least once per year

☐ Less than once per year

OA 05.3

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

☐ Quarterly

☒ Biannually

☐ Annually

☐ Every two years or less

☐ It is not reviewed

☐ No

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

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

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

OA 06**Voluntary****Descriptive****General****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	Update the ESG policy documents
Key performance indicators	Preparation of a new revised policy document
Describe the progress achieved	Final approval is being sought

☒ Add responsible investment objective 2

Objective 2	Increase the levels of engagement with investee companies
Key performance indicators	Increased number of meetings with companies, and in particular with company Chairmen / Directors (in addition to senior management)
Describe the progress achieved	UniSuper, year on year continues to directly meet with higher numbers of companies. We also contact all Australian companies where we vote AGAINST AGM resolutions.

☒ Add responsible investment objective 3

Objective 3	Have an independent safety review conducted at one of our unlisted timber investments
Key performance indicators	A safety review has been completed
Describe the progress achieved	The safety review has been completed and board subcommittee has been put in place to oversee safety and governance at the relevant asset in question.

OA 06.2	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	Consider conducting climate risk analysis of our listed equity portfolio
Key performance indicators	A completed climate risk assessment

☒ Add responsible investment objective 2 for the next reporting year

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

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Continue our dialogue with equities fund managers and focus more on fixed income
Key performance indicators	Develop clearer ESG approach regarding fixed income

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

Governance and human resources

OA 07	Voluntary	Descriptive	General
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OA 07.1

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

Our Chief Investment Officer provides primary oversight. Some matters are raised at the Investment Committee and Board level. However, as a matter of practice, ESG / Responsible Investing is part of our day to day investment management practices. We believe this is an administratively efficient way of implementing ESG.

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

The Manager, Governance and Sustainable Investments and one of our Senior Investment Analysts support the implementation of ESG/Responsible Investing across the asset classes.

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

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

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

Roles present in your organisation

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

OA 08.2

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

Number

1.5

OA 08.3

Additional information. [Optional]

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

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

OA 10.2

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

Select all that apply

☒ Asian Corporate Governance Association

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

- ☐ Basic
☒ Moderate
☐ Advanced

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

Participate in calls and briefings

- ☐ Association for Sustainable & Responsible Investment in Asia
☒ Australian Council of Superannuation Investors

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

- ☐ Basic
☐ Moderate
☒ Advanced

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

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

☒ CDP Climate Change

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

- ☒ Basic
☐ Moderate
☐ Advanced

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

Signatory

☐ CDP Forests

☒ CDP Water

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

- ☒ Basic
☐ Moderate
☐ Advanced

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

Signatory

☒ CFA Institute Centre for Financial Market Integrity

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

- ☐ Basic
☒ Moderate
☐ Advanced

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

Participant in CFA roundtables

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

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

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

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

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

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

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

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

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

Focus on policy documents and dialogue.

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

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

- ☐ Basic
☒ Moderate
☐ Advanced

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

Participate in IGCC member meetings and discussions.

- ☐ Investor Network on Climate Risk (INCR)/CERES
☐ Local Authority Pension Fund Forum
☒ Principles for Responsible Investment

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

- ☐ Basic
☒ Moderate
☐ Advanced

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

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

- ☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
☐ Shareholder Association for Research and Education (Share)
☐ United Nations Environmental Program Finance Initiative (UNEP FI)
☐ United Nations Global Compact
☒ Other collaborative organisation/initiative, specify

ESG Research Australia

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

- ☐ Basic
☐ Moderate
☒ Advanced

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

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

☒ Other collaborative organisation/initiative, specify

Responsible Investment Association of Australasia

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

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

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

Involved on an ongoing basis

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ No

OA 10.3	Additional information. [Optional]
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UniSuper participates in a broad range of collaborative groups. Due to time constraints and the fact that 70% of our listed equities are in Australia, our primary focus is on local initiatives including ACSI, ESG RA, RIAA and the IGCC.

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

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

☒ 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

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

☐ No

OA 11.3

Additional information. [Optional]

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

ESG issues in asset allocation

OA 13

Voluntary

Descriptive

PRI 1

OA 13.1

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

☐ Yes

☒ No

OA 13.3**Additional information.**

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

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

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

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
OA 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.		

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - corporate	<p>Our approach to incorporating ESG into our fixed income portfolio is evolving. It is a matter that we consider, but unlike equities, it is less clear to us as to the best approach to adopt. As it currently stands, we:</p> <ul style="list-style-type: none"> > Screen tobacco. > Do not invest in frontier markets. We only invest in developed market corporate debt issued either by Australian companies or global companies with operations in Australia and in Australian currency. > When buying such corporate debt we apply a common sense ESG overlay and assess the ESG risks associated with the specific company in question. <p>As it currently stands, we believe the companies in the portfolio have low levels of intrinsic ESG risk.</p>
Fixed income - government	<p>We only invest in Australian Government debt. Therefore, we do not apply any country screens.</p> <p>Again, there is a low level of intrinsic ESG risk. We are not investing in the sovereign debt of countries with egregious social and environmental practices.</p> <p>We do not believe there is much we could do regarding ESG from an Australian Government debt perspective.</p>
Property	<p>We invest in direct office and industrial property. The managers in place have strong ESG attributes and credentials - e.g. AMP, Lend Lease, GPT.</p> <p>We focus on quality assets with NABERS and / or GreenStar ratings. The property managers report on a broad range of ESG metrics, e.g. water, waste and energy consumption.</p> <p>We also have a strong focus on risk management, OHS and corporate governance. e.g. independent directors and investor committee. Consequently we have a high level of engagement regarding governance matters.</p> <p>Our property managers also have a high level of engagement with tenants regarding ESG matters.</p> <p>We consider the ESG characteristics associated with new investments and monitor managers in regard to their ESG performance.</p>
Infrastructure	<p>UniSuper has substantial investments in a number of major infrastructure assets. These assets include the Victorian Desalination Plant (an asset important to ensuring Victoria's water supply), the Victorian Comprehensive Cancer Centre (a critical piece of social infrastructure) and transportation (airports and toll roads). We tend to focus on equity investments in infrastructure and take a significant minority stake.</p> <p>Acquisition - We do not routinely acquire infrastructure, however, when we do, we conduct ESG due diligence as part of the due diligence process. We identify what ESG risks are present, the materiality of those risks, how those risks will be managed (via management plans, contractual clauses etc) and then make an assessment of whether we are comfortable with those risks.</p> <p>In making infrastructure investments we focus on ensuring there is a quality board in place,</p>

	<p>quality management teams and the quality of the overall environmental and social management practices.</p> <p>Asset management - UniSuper, where it has the right to do so appoints nominee directors to the boards of the infrastructure assets in which it is invested. These directors maintain direct line of sight and provide oversight the ESG issues arising at those assets.</p> <p>In 2011 we conducted a study (internally) of how our unlisted infrastructure and property assets were positioned with regard to climate change.</p> <p>In appointing third party operators we consider ESG issues and particularly community, safety and environmental management practices.</p> <p>We do not seek to obtain formal ESG/sustainability reports from the asset manager, we believe this is covered off by our nominee directors and their role on the board.</p>
Forestry	<p>UniSuper holds investments in a number of forestry assets in Australia and New Zealand. These are long standing investments and we have not made any acquisitions in a number of years.</p> <p>Asset management - UniSuper has the right to appoint nominee directors to the boards of the timber assets we are invested in. These directors maintain direct line of sight and provide oversight the ESG issues arising at those assets. They also report back to Unisuper management regarding key ESG issues and risks.</p> <p>In 2013 we had specific concerns around occupational health and safety practices. Accordingly we raised these issues with our nominee directors who took these issues to the board on our behalf. As a consequence of us working with our nominee directors we were successful in having a strategic organisational OHS review conducted at the entity in question and in having a governance board sub committee established. We were very active in raising an issue and ensuring that it was focused on and addressed.</p>

OA 15.2

Additional information.

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

OA 16	Voluntary	Descriptive	General
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.		

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - corporate	<p>We are constantly looking at fixed interest and precisely how to best integrate ESG into the investment process.</p> <p>For a number of years we have assessed our equities managers' ESG performance and in 2013 we included our fixed income managers in this assessment and asked them to report to us on how they consider ESG issues.</p> <p>We are in the process, this year, of meeting with and speaking to a range of parties to better understand how they integrate ESG into their corporate debt investments.</p>
Fixed income - government	<p>We are constantly looking at fixed interest and precisely how to best integrate ESG into the investment process.</p> <p>For a number of years we have assessed our equities managers' ESG performance and in 2013 we included are fixed income managers in this assessment and asked them to report to us on how they consider ESG issues.</p> <p>We do not invest in emerging or frontier market sovereign debt. As such, it is difficult to do a sovereign risk rating - most of our government debt is Australian government debt.</p>
Fixed income - other	
Infrastructure	Our holding in Brisbane Airport is via Colonial First State. Colonial is a recognised responsible investor and we are confident in the approach that it adopts.

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

Innovation

OA 18	Voluntary	Descriptive	General
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UniSuper places great importance on being a responsible investor. In doing so, we are an active owner, we seek to incorporate ESG into the investment decision making process and we seek to collaborate, as well as also sharing our learnings both with our members and also more broadly.

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

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

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

More broadly, in the Australian marketplace we have been proactive in contacting companies to engage with directly. In 2011 we first wrote to all ASX 100 companies introducing ourselves and requesting that companies include us on their investor and board roadshows. Since that time we have had increasing levels of company engagement. We still seek out companies to speak to, but they also seek us out and want to know what our views on issues are.

> We do not currently screen out fossil fuels. However, we provide our members with the ability to invest in a Global Environmental Opportunities Option which excludes fossil fuels and focuses on companies that are involved in clean energy, energy efficiency, clean water, green buildings and pollution control. We are also actively looking at how else we can best meet our members' needs and expectations regarding fossil fuel investments.

> We are increasingly internalising management of our members' assets (currently 47% of assets under management are managed internally). This enables greater ESG insight and control.

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

UniSuper Management Pty Limited

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

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

Overview

SAM 01	Voluntary	Descriptive	PRI 1-6
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SAM 01.1

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

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

SAM 02	Mandatory	Core Assessed	PRI 4
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SAM 02.1

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

- ☐ Yes
☒ No

SAM 02.4

Additional information. [Optional]

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

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

SAM 03	Mandatory	Gateway	General
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SAM 03.1	Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring
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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

SAM 05	Mandatory	Gateway	PRI 1,2
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SAM 05.1	Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:
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Active investment strategies

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

Passive investment strategies

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

**SAM
05.2**

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

	LE	
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.

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

SAM 05.4	Additional information. [Optional]
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Themed investments:

Please note -

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

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

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

Voting -

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

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 type="checkbox"/>		
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>		
Discuss the type of ESG reporting you expect	<input checked="" type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>		
Other general aspects in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

ESG incorporation

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

Engagements

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

(Proxy) voting

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

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

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

Monitoring

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

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

ESG incorporation

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

Engagements

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

(Proxy) voting

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

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

- > We encourage our managers to collaborate with us. We do not encourage them to collaborate more broadly. It is a matter entirely up to them and their investment processes.
- > In almost all manager meetings we discuss ESG issues, both specific issues, but also to obtain an understanding of how fund managers consider ESG as part of their investment process
- > On an ad hoc basis, we will send information requests to managers, regarding specific ESG issues and ask for their analysis / views - this is a good way of testing them in reality and how they are thinking about live issues
- > With regarding to proxy voting, we will frequently engage with our managers regarding their voting intentions and to understand how they are thinking about the issues
- > With regard to engagements we do not review comprehensiveness (this will often be clear in talking with them about their engagement activities) nor do we assess whether they had a leading or supporting role. In our view, the importance of engagement stems from building a relationship with the investee company and having an open dialogue. In some instances it may lead to change, but importantly it leads to greater mutual understanding and also to companies understanding that investors are focused on ESG issues and that they are of importance to investors.
- > We do not view filing of ESG resolutions as being indicative of good ESG practice and therefore do not focus on this.

**SAM
08.2**

Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]

In summary, we:

- > Discuss ESG with all managers we meet with (as we do not use an asset consultant and therefore meet with many managers to understand their offerings)
- > We discuss ESG and seek to understand a managers approach to ESG during the appointment process
- > We include ESG as part of the annual manager review process
- > We send frequent ad hoc ESG information requests to managers throughout the year
- > We frequently engage with our managers regarding proxy voting matters
- > We have our managers respond to an ESG survey that we conduct every 2 years (previously we did it annually, however we found that this was too frequent)

SAM 09

Mandatory

Core Assessed

PRI 2

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

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

	%
--	---

100

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

- ☐ Of the total number of ballot items on which they could have issued instructions
☒ Of the total number of company meetings at which they could have voted
☐ Of the total value of your listed equity holdings on which they could have voted

☐ We do not track or collect this information

Communication

SAM 16	Mandatory	Core Assessed	PRI 6
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SAM 16.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.
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☒ Yes, we disclose information publicly

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

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

SAM 16.2	Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.
-----------------	--

☒ Yes

**SAM
16.3**

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

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

☐ No

☐ Yes, we disclose information to clients/beneficiaries only

☐ We do not proactively disclose information to the public and/or clients/beneficiaries

**SAM
16.4**

Additional information. [Optional]

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

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

UniSuper Management Pty Limited

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

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

Overview

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

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

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

ESG incorporation in actively managed listed equities

Implementation processes

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

ESG incorporation strategy (select all that apply)

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

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

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

Total actively managed listed equities

100%

LEI 03.2

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

Screening:

> We screen out tobacco

Integration:

> We seek to integrate ESG considerations across all investments. We are a mainstream investor (therefore we are not focused on thematic ESG plays) and seek to ensure that we understand all risks (including ESG risks) facing our investments.

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

LEI 03.4

Additional information. [Optional]

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

LEI 04

Voluntary

Additional Assessed

PRI 1

LEI 04.1

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

Type of ESG information

☒ Raw ESG company data

Indicate who provides this information

☐ ESG research provider

☒ Sell-side

☒ In-house – specialised ESG analyst or team

☐ In-house – analyst or portfolio manager

☒ Company-related analysis or ratings

Indicate who provides this information

☐ ESG research provider

☒ Sell-side

☒ In-house – specialised ESG analyst or team

☒ In-house – analyst or portfolio manager

☒ Sector-related analysis or ratings

Indicate who provides this information

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

Indicate who provides this information

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

Transparency international - we conducted a corruption assessment across our entire equities holdings

Indicate who provides this information

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

LEI 04.2

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

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

- > Specialist ESG analyst research and meetings with sell side brokers
- > Meetings with fund managers, other super funds and industry bodies
- > Other media - e.g. Transparency International, Oxfam, Business Human Rights Alert, Responsible Investor emails, various other email alerts
- > Web based research which identifies topics/issues of interest and various research reports and articles

LEI 04.3

Indicate if you incentivise brokers to provide ESG research.

☒ Yes

LEI
04.4

Describe how you incentivise brokers.

- > We tag brokerage specifically noting that it is in relation to ESG research
- > We are a member of ESG Research Australia and have sat on the ESG research judging panel since inception

☐ No

LEI 04.5

Additional information.

We rely on a range of information sources and data points. We are also currently in the process of looking at ESG research providers and are hoping to appoint one shortly.

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

LEI 05

Voluntary

Additional Assessed

PRI 1

LEI 05.1

Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☐ (Proxy) voting

LEI 05.2

Additional information. [Optional]

> We conduct engagement activities, and we share the information and findings across the investment team.

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

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
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LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
----------	--

Type of screening

☒ Negative/exclusionary screening

Screened by

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

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

> We screen out tobacco.

> We screen out frontier markets.

> We are currently looking at an ESG research provider. This may, in time, lead to norms based screening (e.g. using the UN Global Compact).

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

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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The screening criteria are established infrequently.

> Regarding tobacco, tobacco manufacturers are screened out.

> Regarding frontier markets, we do not invest in frontier markets.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1

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

- ☐ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☐ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☐ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☐ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☒ Other, specify
We have fairly limited screens in place.
As an active manager, we know which companies are tobacco manufacturers and we do not invest in them
- ☐ None of the above

LEI 08**Voluntary****Additional Assessed****PRI 1****LEI 08.1**

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

- ☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
 - ☐ Systematic
 - ☐ Occassional
- ☐ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☒ Other, specify
We are an active manager, we know what companies we invest in and we don't invest in tobacco companies
- ☐ None of the above

LEI 08.2

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

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

LEI 08.3	Additional information.
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Please note that all investment management agreements (IMA) prohibit investing in tobacco and frontier markets (as applicable to the IMA in question).

Our custodian undertakes daily compliance checking for all portfolios.

(C) Implementation: Integration of ESG issues

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

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

> We are constantly seeking to remain abreast of key ESG issues and how they impact our portfolio

> In doing so, we are constantly reviewing a range of materials and information sources to identify ESG issues and risks that we need to look at further and consider as part of our investment decision making process

> When we identify any issues we discuss these as a team and we also engage with the company in question, our external managers that hold the stock and the sell side brokers that research the stock. This enables us to better and more comprehensively understand whether we are comfortable with the risks associated with owning the stock. It also ensures we build a relationship through dialogue with key intermediaries in the investment supply chain, and the investee company

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

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

Outputs and outcomes

LEI 17	Voluntary	Descriptive	PRI 1
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LEI 17.1	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.
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☒ ESG issue 1

ESG issue and explanation
We were looking to invest in a global pharmaceutical company and decided not to as a result of the corruption risks associated with that company.
ESG incorporation strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Integration <input checked="" type="checkbox"/> Combination of ESG incorporation strategies
Impact on investment decision or performance
We decided not to invest.

☒ ESG issue 2

ESG issue and explanation		
Consideration of climate change and stranded assets		
<table border="1"> <tr> <td style="background-color: #cccccc;">ESG incorporation strategy applied</td> </tr> <tr> <td> <input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies </td> </tr> </table>	ESG incorporation strategy applied	<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
ESG incorporation strategy applied		
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies		
<table border="1"> <tr> <td style="background-color: #cccccc;">Impact on investment decision or performance</td> </tr> <tr> <td> We have not decided to divest, and we already offer our members a global environment option. However, we are considering offering a balanced fossil fuel free option. </td> </tr> </table>	Impact on investment decision or performance	We have not decided to divest, and we already offer our members a global environment option. However, we are considering offering a balanced fossil fuel free option.
Impact on investment decision or performance		
We have not decided to divest, and we already offer our members a global environment option. However, we are considering offering a balanced fossil fuel free option.		

☒ ESG issue 3

ESG issue and explanation		
Corruption risk assessment		
<table border="1"> <tr> <td style="background-color: #cccccc;">ESG incorporation strategy applied</td> </tr> <tr> <td> <input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies </td> </tr> </table>	ESG incorporation strategy applied	<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
ESG incorporation strategy applied		
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies		
<table border="1"> <tr> <td style="background-color: #cccccc;">Impact on investment decision or performance</td> </tr> <tr> <td> No change to our investment decisions. It confirmed that over 96% of our investments are in countries that received a high Transparency International corruption perception assessment </td> </tr> </table>	Impact on investment decision or performance	No change to our investment decisions. It confirmed that over 96% of our investments are in countries that received a high Transparency International corruption perception assessment
Impact on investment decision or performance		
No change to our investment decisions. It confirmed that over 96% of our investments are in countries that received a high Transparency International corruption perception assessment		

☒ ESG issue 4

ESG issue and explanation
Coal seam gas in Australia
<div style="background-color: #cccccc;">ESG incorporation strategy applied</div> <input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
<div style="background-color: #cccccc;">Impact on investment decision or performance</div> <p>We have spent, and continue to spend a considerable amount of time on understanding the risks associated with coal seam gas operations in Australia. At this point we remain comfortable with the risks but constantly seek to remain abreast of all the issues.</p>

☒ ESG issue 5

ESG issue and explanation
Asbestos risk in the portfolio
<div style="background-color: #cccccc;">ESG incorporation strategy applied</div> <input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
<div style="background-color: #cccccc;">Impact on investment decision or performance</div> <p>We hold Telstra, an Australian telecommunications company in our internal portfolios. It had some issues with asbestos in its infrastructure. We met with specialist analysts and the company to understand the issues and the potential level of risk present. We did not change our investment approach. Rather we sought to understand the issues and ensure that we were comfortable with the level of risk present.</p>

LEI 17.2	Additional information.
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In summary, our view of ESG issues does not typically change our investment decisions. Rather, it informs our investment decisions and provides an additional check and balance. In some instances it may impact the investment decision, but in the vast majority of cases it is a matter of being well informed of all aspects of a company's operations and ensuring that we are comfortable with the level of risk we are taking on in making such an investment.

Communication

LEI 18

Mandatory

Core Assessed

PRI 2,6

LEI 18.1

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

☒ We disclose it publicly

Provide URL

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

LEI 18.2

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

☒ Yes

LEI 18.3

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

☒ Broad approach to ESG incorporation

☐ Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

☐ Quarterly or more frequently

☒ Between quarterly and annually

☐ Less frequently than annually

☐ Other, specify

☐ No

☐ We disclose it to clients and/or beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries

LEI 18.5

Additional information. [Optional]

In addition to our disclosures on line, we directly respond to 100's of member queries on a broad range of ESG / equities issues every year.

We also include ESG as a discussion item in member seminars and we also included a detailed piece on ESG in our latest member webinar.

UniSuper Management Pty Limited

Reported Information

Public version

Direct - Listed Equity Active Ownership

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Engagement

Overview

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

UniSuper has a comprehensive approach to engagement. We believe being an active owner is central to ESG. In terms of engagement, we:

- Engage directly with company chairmen, directors, CEOs and other senior executives of the companies in which we are invested. In doing so, we are seeking to build a long term relationship which centres around open dialogue. More often than not we are not seeking to drive change. Rather, we are seeking to better understand key business drivers, the issues and how the company manages them. In some instances we may voice concern, however that is not always the case. We also seek to clearly communicate that we see ourselves as a responsible shareowner and that our members also take ESG very seriously and accordingly it is critical to us that the companies in which we are invested manage ESG issues material to their business operations.
- Engage via ACSI. Engagement with ASX200 companies on a range of ESG investment risks is undertaken through membership of the Australian Council of Superannuation Investors (ACSI). ACSI is a collaborative membership organization of 38 superannuation funds, representing more than AUD\$400 billion in assets under management.
- IGCC also engage on our behalf
- We engage with our peers, both domestically and internationally. We seek to share our learnings and to learn from our peers.

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
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other, specify To understand key business drives and the issues. To make clear we and our members are focused on ESG. To build a relationship <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<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 checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<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

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

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
----------	---

☉ Yes

LEA
03.2

Describe how you identify and prioritise engagements.

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

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

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

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

☐ No

LEA
03.3

Additional information. [Optional]

We are constantly looking at when and whether we need to engage. Moving forward we will also seek to engage with companies where they are in our top holdings.

LEA 04

Mandatory

Core Assessed

PRI 2

LEA
04.1

Indicate if you define specific objectives for your engagement activities.

- ☒ Yes
- ☒ Yes, for all engagement activities
 - ☐ Yes, for the majority of engagement activities
 - ☐ Yes, for a minority of engagement activities
- ☐ No

LEA
04.2

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

- ☒ Yes
- ☐ Yes, in all cases
 - ☒ Yes, in the majority of cases
 - ☐ Yes, in the minority of cases

**LEA
04.3**

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

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

☐ No

**LEA
04.4**

Additional information. [Optional]

Our objective in any engagement is to:

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

Process for engagements conducted via collaborations

LEA 05

Mandatory

Core Assessed

PRI 2

**LEA
05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

☒ Yes

**LEA
05.2**

Describe how you identify and prioritise collaborative engagements.

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

☐ No

LEA 06

Mandatory

Core Assessed

PRI 2

LEA 06.1	Indicate if the collaborative engagements in which you are involved have defined objectives.
-----------------	--

- ☒ Yes
- ☐ Yes, for all collaborative engagement activities
 - ☒ Yes, for the majority of collaborative engagement activities
 - ☐ Yes, for a minority of collaborative engagement activities
- ☐ No

LEA 06.2	Indicate if you monitor the actions companies take following your collaborative engagements.
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- ☐ Yes
- ☒ No

LEA 06.4	Additional information. [Optional]
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We maintain oversight of the activities conducted, however we do not have a formal monitoring regime in place.

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

LEA 07	Mandatory	Core Assessed	PRI 2,4
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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.
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- ☒ Yes

LEA 07.2	Indicate what role you play in engagements that your service provider conducts on your behalf.
-----------------	--

- ☒ Specify the issues for the engagement
- ☒ Specify the objectives for the engagement
- ☒ Select the companies to be engaged with
- ☒ Participate directly in the engagements with your service provider
- ☒ Actively monitor and review the activities of the service provider
- ☐ Other, specify
- ☐ No

**LEA
07.3**

Additional information. [Optional]

Members of ACSI are responsible for identifying issues for engagement, approving the objectives of the engagement, monitoring the results and reviewing the strategy for engagement. UniSuper also attends a number of the engagements that ACSI conducts.

LEA 08

Mandatory

Core Assessed

PRI 2,6

**LEA
08.1**

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

Please select all that apply

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

General processes for all three groups of engagers

LEA 10

Mandatory

Gateway/Core Assessed

PRI 2

**LEA
10.1**

Indicate if you track the number of companies you engage with.

Type of engagement	Tracking engagements
Individual / Internal staff 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
Collaborative engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
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 14	Voluntary	Descriptive	PRI 2
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LEA 14.1	Provide examples of the engagements that your organisation carried out during the reporting year.
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☒ Add Example 1

Topic or ESG issue	Remuneration
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To ensure egregious remuneration practices ceased
Scope and Process	- Meeting with the company. - A number of phone conversations
Outcomes	Improved remuneration practices

☒ Add Example 2

Topic or ESG issue	Non board endorsed candidate standing for election to the board
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input type="checkbox"/> Service provider
Objectives	To understand whether it was appropriate for this person to be elected to the board.
Scope and Process	<ul style="list-style-type: none"> - UniSuper had a number of conversations with the company and the candidate - ACSI had a number of conversations with the company and the candidate - A group of investors met with the company - A group of investors had a teleconference with the candidate
Outcomes	We supported the company and did not vote for the non board endorsed candidate.

☒ Add Example 3

Topic or ESG issue	Anti bribery and corruption
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	Enhanced company disclosure of anti-corruption policies as per ICGN framework.
Scope and Process	<p>ACSI engaged with eight companies identified via commissioned research to have poor anti-corruption disclosure relative to risk exposure.</p> <p>Letters were written to companies, followed by either further written correspondence or face to face meetings.</p>
Outcomes	Five of the eight companies responded to ACSI: two have published improved anti-corruption policies, one is completing an internal review and two are discussing the issue with the board. The remaining three companies have not responded and engagement has continued in conjunction with the PRI Anti-Corruption working group.

☒ Add Example 4

Topic or ESG issue	Sustainability reporting
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	Improved annual reporting of ESG risks.
Scope and Process	<p>63 companies identified through ACSI's research to have basic or no reporting on ESG risks in annual disclosures.</p> <p>Letters written to each company detailing areas that require improvement and providing guidance on disclosure frameworks.</p>
Outcomes	<p>ACSI wrote to all companies considered to have provided either limited or no sustainability reporting within their company disclosures.</p> <p>Each letter detailed the company's current level of reporting relative to market standards, encouraging improvement and an insight into investor expectations on ESG disclosures.</p> <p>Ten companies were prioritized for further engagement in 2013 given their low level of reporting and the ESG issues associated with their operations (e.g. mining and heavy industry). Two of these companies have already improved their reporting practices.</p>

☒ Add Example 5

Topic or ESG issue	Labour & Human Rights Policies
Conducted by	<input type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative <input checked="" type="checkbox"/> Service provider
Objectives	Enhanced company disclosure of Labour and Human Rights policies.
Scope and Process	<p>ACSI engaged with 13 companies identified via two commissioned research reports for high exposure to labour and human rights risks with relatively low disclosure of policy.</p> <p>Letters were written to companies, followed by either further written correspondence or face to face meetings.</p>
Outcomes	<p>Four companies responded with information regarding further initiatives being undertaken in this area or extension of policies. One company requested further guidance.</p> <p>Six companies did not respond. Further engagement correspondence has been undertaken and the companies are now reviewing the second letters internally.</p> <p>One company has advised it does not have issues in this area.</p> <p>One company has provided no response or acknowledgment. The issue is due to be addressed in continued dialogue in 2014 and beyond.</p>

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

Communication

LEA 15

Mandatory

Core Assessed

PRI 2,6

LEA
15.1

Indicate whether your organisation proactively discloses information on its engagements.

- ☒ We disclose it publicly

please provide URL

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

**LEA
15.2**

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

☒ Yes

**LEA
15.3**

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

Engagement information disclosed

- ☐ Details of the selections, priorities and specific goals of engagement
- ☐ Number of engagements
- ☒ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☐ An assessment of the current status of the engagement
- ☐ Outcomes that have been achieved from the engagement
- ☐ Other information

**LEA
15.4**

Indicate how frequently you typically report engagements information.

- ☐ Disclosed continuously (prior and post engagements)
- ☐ Disclosed quarterly
- ☒ Disclosed annually
- ☐ Disclosed every two years or less
- ☐ Other, specify

☐ No

☐ We disclose it to clients and/or beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

**LEA
15.6**

Additional information. [Optional]

We only disclose high level information.

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

(Proxy) voting and shareholder resolutions

Overview

LEA 16

Voluntary

Descriptive

PRI 2

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

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

Internally managed:

Domestically:

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

Internationally:

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

Process			
LEA 17	Mandatory	Descriptive	PRI 2
LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.		
	Approach <ul style="list-style-type: none"> <input type="radio"/> We use our own research or voting team and make our own voting decisions without the use of service providers. <input checked="" type="radio"/> We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions. 		
	Based primarily on <ul style="list-style-type: none"> <input checked="" type="radio"/> the service provider voting policy signed off by us <input type="radio"/> our own voting policy <input type="radio"/> our clients requests or policy <input type="radio"/> other, explain <input type="radio"/> 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. <input type="radio"/> We hire service provider(s) which make voting decisions on our behalf. 		

LEA 17.2	Additional information.[Optional]
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We apply the ACSI voting guidelines. Since 2009 UniSuper has sat on the committee that reviews those guidelines every 2 years (i.e. UniSuper has been directly involved in the review of the guidelines 3 times).

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

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.
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- ☒ 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

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
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We have ISS run a vote report for us.

We also participated in a voting integrity project conducted by Ownership Matters.

LEA 20	Voluntary	Additional Assessed	PRI 2
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LEA 20.1	Indicate if your organisation has a securities lending programme.
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☒ Yes

LEA 20.2	Indicate how voting is addressed in securities lending programme.
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Please select one of the following

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

LEA 20.3	Additional information. [Optional]
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We always recall securities prior to an AGM, or in relation to any other corporate actions as appropriate.

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

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

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

Outputs and outcomes

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

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

	%
--	---

100

	Specify the basis on which this percentage is calculated
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- ☐ of the total number of ballot items on which you could have issued instructions
☒ of the total number of company meetings at which you could have voted
☐ of the total value of your listed equity holdings on which you could have voted

☐ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
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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.
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☒ 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:
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Voting instructions	Breakdown as percentage of votes cast				
For (supporting) management proposals	<table> <tr> <td></td><td>%</td></tr> <tr> <td>90</td><td></td></tr> </table>		%	90	
	%				
90					
Against (opposing) management proposals	<table> <tr> <td></td><td>%</td></tr> <tr> <td>10</td><td></td></tr> </table>		%	10	
	%				
10					
Abstentions	<table> <tr> <td></td><td>%</td></tr> <tr> <td>0</td><td></td></tr> </table>		%	0	
	%				
0					

100%

**LEA
23.3**

For the reporting year, describe your approach towards voting on shareholder resolutions.

From a domestic Australian perspective, shareholder resolutions rarely occur in Australia. We have not yet supported any shareholder resolutions that have been put forward in Australia. To date, no such resolutions have accorded with our view of good governance and have often sought to intrude upon Management's remit.

☐ No, we do not track this information

LEA 25	Voluntary	Descriptive	PRI 2
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**LEA
25.1**

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	G - Remuneration
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Ensure alignment of executive and shareholder interests, and appropriate board oversight.
Scope and Process	ACSI provided voting advice for 445 resolutions related to remuneration in the ASX200 (as well as around 50% more such resolutions for the next 100 largest companies).
Outcomes	Among the ASX200, ACSI opposed 78 (around 18%) of all resolutions. In all cases, ACSI wrote to the companies explaining its rationale and often follow up meetings were held. Of the priority companies, around 80% of the issues were at least partly resolved.

☒ Add Example 2

Topic or ESG issue	G – Board composition and accountability
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	<p>Broadly, there are two objectives:</p> <p>(1) Ensure appropriate board composition, including a majority of independent directors.</p> <p>(2) Ensure board accountability to shareholders for past decisions.</p>
Scope and Process	<p>ACSI provided voting advice for 544 resolutions related to boards in the ASX200 (as well as around 50% more such resolutions for the next 100 largest companies).</p> <p>See below for information on the process.</p>
Outcomes	<p>Among the ASX200, ACSI recommended opposing 38 (around 7%) of resolutions. In all cases, ACSI wrote to the companies explaining its rationale and often follow up meetings were held. Of the priority companies, around 40% of the issues get at least partly resolved.</p>

☒ Add Example 3

Topic or ESG issue	G - Capital raising practices
Decision made by	<input type="checkbox"/> Internal staff <input checked="" type="checkbox"/> Service provider
Objectives	Ensure that companies undertake capital raisings in a way that gives existing shareholders the ability to participate or to be adequately compensated for any dilution they experience
Scope and Process	ACSI provided voting advice or information for 55 resolutions related to capital raisings in the ASX200. See below for information on the process.
Outcomes	Among the ASX200, ACSI opposed 5 (around 7%) of resolutions. ACSI wrote to the companies explaining its rationale and often follow up meetings were held. Of the priority companies, around two thirds of the issues get at least partly resolved.

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

Communication

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

provide URL

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

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

**LEA
26.3**

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

Indicate how much of your voting record you disclose

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

Indicate what level of explanation you provide

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

**LEA
26.4**

Indicate how frequently you typically report voting information.

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